House of Commons
Culture, Media and Sport Committee

Funding of the Arts and Heritage

Written Evidence - Web

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# List of written evidence

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Written evidence submitted by New Writing North (arts 01)

- Funding for the arts generates both a creative as well as economic return.
- The arts and culture are a UK success-story. Turning support away from them will damage our international profile and reputation.
- That funding for the arts outside of London is not the same and does not offer the same possibilities.
- That gaining new income from private givers is easier for large organisations but much harder for small organisations. Many of the most exciting organisations around are small.

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level:
   Each year we use our £180K grant from Arts Council to generate up to three times that amount in project income. This money is then spent on developing new talent from the region (Northern Writers’ Awards), taking writers into schools, producing projects with young people and producing book festivals and events which thousands of people enjoy and benefit from.

   It is clear that the reach, value for money and cost-effectiveness of subsidised literature activity more than repays its initial investment. To damage this carefully balanced ecology with 25% cuts in the next financial year would destabilise many organisations and wipe out some. It would mean the end of streams of work for many freelance writers, impact on readers’ engagement with books and writers and potentially lead to an increasingly risk-averse publishing industry. We would like you to support our request to the coalition government that they think carefully about the impact of when cuts are implemented to help protect the diversity and richness of our literary heritage.

   Many leading writers and publishers have recently joined the subsidised literature sector to warn of the dangers that damaging cuts would pose to the sector and to the wider publishing economy. Although one of the smallest areas of funding supported by Arts Council England, carefully targeted subsidy for writing and literature plays a key and often-unacknowledged role in the lives of many successful writers. From advice and support in the early stages of a writer’s career to the festivals and events circuit, public subsidy is a key part of the UK’s literary ecology.

   Over the last fifteen years mainstream publishers have pulled back from undertaking research and development work with writers and many now expect writers (and their novels) to arrive on their desks fully formed. The writing development networks built up by Arts Council England have done much to create an efficient, accessible and cost effective model of development for new talent. Subsidised writing agencies and awards programmes are often both the initial talent spotters and the silent investors in new talent, a vital role that is often under-acknowledged within the sector.

   Subsidising writers and writing offers potentially great economic return as the first time novelist Carolyn Jess-Cooke’s experience shows. In 2008 Carolyn received a Northern Writers’ Award from New Writing North of £3,500 to help her develop her work. The awards programme is funded by Arts Council England and match
funded by The Leighton Group, a commercial sponsor.

With support from New Writing North, Carolyn’s first novel, *The Guardian Angel’s Journal*, went on to sell in the UK and in another 13 territories internationally. These initial sales generated sales worth 50 times the original modest investment of £3,500. Carolyn wouldn’t have received the early support and investment in her work from the private sector. Carolyn’s agent Madeleine Buston from the Darley Anderson Agency explains how it came about:

“I met Carolyn via an introduction from New Writing North. They prepare writers extremely well, work with them to get their writing up to a publishable standard, and introduce them to a range of editors and agents. I look forward to their events so much because I know I am going to hit gold. I see them as a breeding ground for new talent and a valuable part of the national publishing scene.”

Book festivals are now an important part of the cultural infrastructure in the UK and yet, all but a few, still rely on public subsidy from Arts Council and local authorities to enable them to thrive. Best-selling crime writer Val McDermid who lives in Northumberland, sees the relationship between publically funded literature activity and the careers of mid-career and well-known writers as ongoing.

“For me, one of the key areas of arts funding is the subsidy of festivals, workshops and individual events that bring together established writers, beginning writers, aspiring writers and readers. Writing is a lonely road, especially at the outset, and discovering fellow travellers can often be the difference between giving up and actually completing work that goes on to be published or performed.

The writers’ income generated by workshops, festivals and reading events should not be disregarded – for a lot of writers, it makes the difference between survival and financial ruin”.

Many in the sector believe heavy cuts to funding for literature will damage the UK’s national literary culture. For Lee Brackstone, Publishing Director of Faber & Faber the links between subsidised regional organisations like New Writing North and the London-based world of the publishing industry means that developing writers is a two way street.

“Working with regional literature agency New Writing North has made me realise just how important a strongly voiced, and articulated, regional literary scene is to the vitality of literature in this country. A writer is made by his or her environment, and how that impacts upon a unique sensibility. New Writing North creates and fosters that environment for generation after generation of writers, working alongside, before and after, publishers such as Faber, to ensure the region is represented through literature. And the literature that emerges, in turn, feeds back into the communities and lives from which it was born, generating hope, intelligent discussion, and lively debate”.

The subsidised literature sector upholds many partnerships with commercial organisations and personal philanthropists as well as state funded organisations, such as libraries. The sector accepts that it has to take the inevitable cuts in funding
that have been announced and is working hard to explore more new ways of generating income to support activity. The subsidised sector doesn’t feel that it should be immune to the funding cuts but is asking for the timing of them to be considered with more depth so that the long term impact of cuts doesn’t cause damage that we will struggle to recover from.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale: In my experience arts organisations are looking at this area to immediately reduce costs and much work has already been done in this area and is continuing. But, there is a point at which combining resources detract from independence and artistic creativity. I think larger organisations (usually building based organisations) should and could do more. Most small organisations have been working in this manner for years, as forming partnerships, sharing expertise and resources are the only way that they can build capacity. My own organisation works with over 40 partners a year to develop projects, manage work and to combine income and expertise. It is already happening.

3. What level of public subsidy for the arts and heritage is necessary and sustainable: I think that the current funding system for the arts – namely Arts Council England is the right one. Funding needs to be arms length to be credible and trustworthy. I cannot envisage any other kind of body that could genuinely work nationally to present a strategic vision for the arts and interact with organisations to ensure that it was delivered. Our Arts Council also speaks on our behalf internationally. Arts Council England has cut their overheads drastically in the last two years and should now be left alone to get on with the job.

4. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations/Whether the policy guidelines for National Lottery funding need to be reviewed: Basically, we would like the money back that was stolen from the arts to pay for the Cultural Olympiad, a project that we are now being asked to support but which has no impact outside of London. The money should be returned for the original good causes that it was meant for. It should also not be spend on formal educational projects.

5. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council: I am disgusted that these cuts were made with little or no consultation with these bodies or with the sector. I cannot believe that this is a rational way to go about building sustainable work. I do not disagree with the cuts but am shocked that so little has been said about why these organisations were not needed? Will the work that they were doing just stop? Will their responsibilities be passed to others? Also, many questions remain unanswered, such as what will the end of FCUK mean for the regional screen agencies? The picture is not complete.

6. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level: Yes, they can and do support a great deal of activity. I would like to make the following points in relation to this question: I work in the North East of England and we do not have many corporate head offices or many very rich people. The picture is not national and the South and
South East have a much better chance of gaining this income than organisations and activities that are outside of the capital.
-That philanthropists like to co-fund activity but don’t always want to be the only funder. If public money is harder to come by so will private money.
-That many smaller organisations do not have staff members to devote to nurturing relationships with individual givers. Doing so tends to take longer than making a grant application and require much more wining and dining than we are usually resourced to do.
-Business funding, in my experience is great, but again, in the North East this is usually only going to be small sums – great for small projects but it won’t help with core costs.

7. Whether there need to be more Government incentives to encourage private donations: In my personal experience having an incentive scheme is hugely useful. Arts and Business used to co-fund sponsorships and my own organisation benefitted massively from this. It was a useful incentive to be able to offer when talking to business. If the government wants people to give more it will need to look at tax incentives – I believe that this will be very complicated and difficult to make happen. But, I also don’t believe that the government is being realistic about how much individuals are willing to give at the moment. The arts are in competition with children, medical campaigns, international aid etc – and next to all those things we are unlikely to be able to compete very well.

_August 2010_
**Written evidence submitted by Derbyshire County Council (arts 02)**

- Derbyshire County Council sees the arts as being essential to our quality of life, and a vital aspect of local authority provision. Arts in the UK, including those in Derbyshire, are an international success story; this is, at least in part, thanks to sustained investment over a number of years.

- Continued support of the arts will allow them to play a vital role in Britain's economic recovery. The creative industries are the fastest growing economic sector in Derbyshire, and public support at vital stages in the life of a company has proven to be hugely successful in helping the sector. Artists and emerging creative businesses often rely on public funding in the early years, for training, professional development and business development; but this leads on to economic growth in the long term. It is essential that cuts to arts investment now do not block that pathway for future artistic excellence.

- The arts are also central to a government that places a healthy society at the heart of its agenda, having proven benefits to both mental and physical health and well-being, and providing civic pride and many opportunities for volunteering.

- It should be noted that the arts budget is tiny, and the return on investment is huge; Derbyshire County Council spending on arts development, for instance, returns nearly £8 for every £1 invested. Any cuts to the arts will have a disproportionate effect for a relatively tiny saving to the public purse.

1. What impact will recent, and future, spending cuts from central and local Government have on the arts and heritage at a national and local level
   1.1 There needs to be a careful assessment of the effects of the cuts on different parts of the country, both geographically and economically. Rural areas already suffer from a lack of cultural services, and both national and local government intervention is essential in maintaining such services. The free market does not naturally serve rural areas, as venues are often too small to be economically viable. Rural touring of performing arts, for instance, is an essential service in these areas, provides good value for money (compared with subsidy of theatres in city centres), helps with social cohesion, overcomes isolation for both young and old, and provides a focus for local communities.
   1.2 Local government also supports a number of small, community-led arts organisations, such as arts festivals, which contribute much to the vibrancy and quality of life in rural areas, and will need continued financial support.
   1.3 It is important for government to take into account the effect of both central government cuts to arts and heritage funding AND cuts to local government spending. Many arts organisations depend on funding from Arts Council, top tier and second tier local government, and are facing funding cuts from all three.
   1.4 Government should also take account of the fact that many arts organisations depend on charitable trust funds for grants, and this funding stream is also reducing, because of low interest rates and poor stock market rates.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale
   2.1 The arts organisations in Derbyshire do not overlap in functions; largely, they serve different geographical areas or different groups of people. However, it may be possible for some of them to share administrative costs; this is being investigated currently, but would be a small saving, probably just a few hundred pounds.

3. What level of public subsidy for the arts and heritage is necessary and sustainable
   3.1 In order to ensure a high quality level of arts provision in rural areas, some level of public subsidy is essential; typically, income from participants is less than 25% of the overall budget. Most of the organisations in Derbyshire receiving public funding are those which service rural or deprived communities, where private sponsorship is not available,
the beneficiaries are not able to pay the full cost of the activities and there is little commercial artistic activity outside individual private creative industries.

4. Whether the current system, and structure, of funding distribution is the right one
What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations
Whether the policy guidelines for National Lottery funding need to be reviewed

4.1 Derbyshire County Council welcomes the proposal to return National Lottery allocations to their original proportions. This will help support artistic endeavour in the county, but will not make up for reductions to Arts Council, as this is longer term, non-project based funding.

5. The impact of recent changes to DCMS arm's-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council

5.1 Regional film agencies provide much needed support to local film makers and film distributors, but the cuts to both RDAs and the UK Film Council will mean the end of regional film agencies, unless their funding is channelled in a different way. However, the distribution of Lottery funding for film through at least 4 different agencies (UK Film Council, regional film agencies (EM Media in the East Midlands), MediaBox and First Light) must surely be wasteful, and could be channelled through one body. Arts Council England used to distribute Lottery funding for film, and perhaps could take this on in the future.

6. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level
Whether there need to be more Government incentives to encourage private donations

6.1 This is long-term strategy, as it will take a significant shift in thinking to achieve. However, it is a positive way forward for some arts organisations. It is more likely to help large organisations, or those serving a “popular” cause. Many arts organisations work with the least likeable sections of our community, and are unlikely to attract much philanthropic giving.

6.2 Government incentives to encourage private donations would be very welcome, so long as the system is simple and easy to use.

*August 2010*
Written evidence submitted by the Association of Festival Organisers (arts 03)

If I could lay some evidence before the Committee on behalf of the Association of Festival Organisers; The Association of Festival Organisers (AFO) is a membership group of like-minded festival and event managers who believe in learning and teaching, sharing and networking to continuously improve the festival scene. Created in 1987 when a small gathering of people working in the community festival business it now has hundreds of members who regularly exchange ideas, support one another help develop our sector.

In answer to the enquiry’s questions:

1. Impact - recent and future spending cuts.
   Folk music has for many years been in, what could be described as, revival i.e. the music, dance and song and tradition of these islands has been with us for centuries but only since the 1950’s has it had much public attention, since virtually dying out at the end of the 19th Century. During this revival period, achieving funding from Government and commercial organizations has been extremely difficult but in recent years, no more than 15, there has been more serious attention paid to the saving of, research and development of folk roots and traditional music. In comparison to other genres it is still very small. Where it could be said that the English folk scene survived perfectly well for over 50 years without much funding, the small amount we now have is making a difference and clearly would be seriously missed both at national and local level. The impact is already starting to bite in major events like folk festivals some of which are losing funding and in some cases closing down. Any future cuts in support of folk music might seem small fry to DCMS, or indeed the Arts Council but they make a major difference to the activity.

2. I would agree that arts organizations could work more closely together to avoid duplication and indeed this is happening in the festival and folk music scene with FolkArts England and EFDSS sharing knowledge, the Association of Festival Organisers working closely with over 150 folk festivals to share our knowledge and keep each other up to date. There are strong links into the Events industry in general. However, the organisations with such little funding often seem like the poor version partner in these partnerships.

3. Level of public subsidy necessary.
   There is no doubt at all that Arts and Heritage organisations need public subsidy. The economics of supporting arts development and training simply do not stack up commercially and in the current economic climate it is unlikely that commercial organisations will make any contribution. It would be hard to judge what level would be necessary but certainly any serious reduction would have a major impact.

   On behalf of the festival organisations I would say the current system has many flaws in that DCMS hand down funds to Arts Council England who have particular targets and rarely pay attention to the will, the needs and the partial successes that are available i.e. no matter how important or good the project may be, if it doesn’t fit the Arts Council criteria, it doesn’t happen. I would suggest that more attention is paid to seeking what the organisation’s targets actually are before deciding whether they should be funded, rather than setting those targets and asking the organisation to modify to suit ACE criteria.

5. Impact of changes to distribution.
   I have little knowledge of these changes but understand that National Lottery funds are crucial to the development of the Arts. However, central Government funds should not be replaced by National Lottery funds. I believe there is very strong evidence to demonstrate that taxpayer’s
money is extremely well invested in the arts and in particular in folk roots and traditional music. Pound for pound it gives extremely good value and return. Witness this through economic impact of folk festivals - see AFO research attached.¹


7. I have no comment on the abolition of the Film Council, or the Museums, Libraries and Archives Council but would strengthen the point that DCMS should pay more attention to this nations heritage of music, dance and song without necessarily devolving on mass to the Arts Council, who then set targets reference to minority musics and art forms.

8. Business and philanthropists.
I think in the current economic climate it is unlikely that commercial funders of the arts are likely to come forward in any great numbers. Taxpayers money is very well used in my sector, witness the research as above.

Yes, it would be helpful but should not be seen as a way of cutting Government funding.

In closing, there is no doubt at all that the folk music scene in Great Britain has boosted tourism, assisted in community integration, developed a recognition of culture heritage and nationality. It’s work overspills into many other areas of Government, not least of which include community life, social and economic impact, both local and national and education through music, dance and song. Not only should funding not be cut in this area, I would suggest it be expanded and not necessarily through one central body.

August 2010

¹ Ev not printed.
Written evidence submitted by Tyne & Wear Archives & Museums (arts 04)

- What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

Investment in museums through the Renaissance programme and other funding has led to unprecedented levels of people engaging with museums, an increase in visitor numbers and more diverse audience for museums. It has also changed the nature of engagement with museums from a passive visit to a positive experience which contributes to learning and personal development and to health and wellbeing, with individual benefits also being realised at community level. Conversely a reduction in investment will threaten this. Whilst some the legacy of what museums have achieved will last for a short while, its effect will be limited if activities and programmes cannot be sustained. Museums provide good value for the investment made by the public sector but reductions in funding could disproportionately impact on outputs and outcomes. Renaissance and related museum activities have not only helped to change lives but have also had strong economic benefits, in particular supporting tourism, and have significantly developed opportunities for and the contribution made by volunteers as well as really working to engage people with their museums through consultation, coproduction and involvement of communities in programming and management.

It is worth pointing out that investment has also allowed museums to increase staff capacity and with it knowledge and an increased ability to engage with audiences at a higher level in terms of public engagement initiatives, and collections expertise etc. Public confidence in museums has grown as a result.

Renaissance investment has also helped raise standards of collections care. The Bowes is a good example of this; Renaissance has assisted with the expansion of our conservation department and related activities, consequently our knowledge and confidence in dealing object movement and collections care issues. It has also made us more able to support other museums in the region through advice etc.

Cuts will inevitable impinge on our ability to maintain standards and we will feel the loss of expertise through lack of staff capacity.

- What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

Museums in the North East already work closely together, for example collaborating on projects such as creative apprentices, and on outreach activities. The North East Hub is led by Tyne & Wear Archives & Museums, already a ‘federation’ of 5 district councils and a university to provide good value in delivery of museum services. Museums in Tees Valley are currently looking at how they can work more closely together whilst in Northumberland Woodhorn, Berwick and Tynedale museums have come together to deliver a more efficient service. Bringing together services across domains must also be considered as has been achieved at Woodhorn and TWAM bringing together museum and archive services.

NERMH initiatives such as Core Skills, the NECCF and Curatorial Needs programmes are surely excellent examples of working together as a sector to make the most of skills sharing and dissemination to the whole region through training and support networks. The development of the posts of Access Officer, Evaluation and Diversification Officer working across organisations to raise standards and develop best practice are also ways of economies of scale through partnership and joint cooperation.
• What level of public subsidy for the arts and heritage is necessary and sustainable;

It is important that there is a plural economy. Beamish, the Living Museum of the North, for example, runs its core operations on the funding it can generate itself but has enhanced, in particular, its learning and outreach work with public funding. At TWAM the outreach and inclusion work which has led to the very strong involvement of non-traditional audiences has been funded through the Renaissance programme.

• Whether the current system, and structure, of funding distribution is the right one;

Whilst government will naturally wish to set the agenda for the direction of funding, what is important to museums is that this funding can be delivered with the minimum of bureaucracy, that its purpose is transparent, and that it is granted for a reasonable period of time (at least 2-3 years) and that there is sufficient notice (at least 6 months) as one programme comes to an end of what future programmes will be.

• What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

The changes to both the Heritage Lottery and Arts Lottery will be beneficial for museums, supporting both smaller grants and some larger grants – although many museums have has significant capital investment there are still a number of capital projects which, with lottery and other investment, could produce significant benefits for jobs, for tourism, for lifelong learning and for quality of life.

• Whether the policy guidelines for National Lottery funding need to be reviewed;

We strongly support plans to restore Lottery to its original distribution proportions. Both in the north east and nationally the proven benefits of significant arts, sport and heritage initiatives supported by the lottery indicate just what these sectors can achieve. Most recently the success of the lottery funded Great North Museum has shown how well-developed heritage projects can deliver exceptional outputs and outcomes. Later this month the Museum will welcome its millionth visitor since reopening, and this has been achieved in 15 months.

We feel that it is important that the ongoing policy reflects both the reduced availability of capital funding and current challenges to revenue funding. Whilst many cultural buildings have been re-energized through lottery funding and have delivered benefits in terms of tourism, jobs created and learning outcomes, there are significant museums, galleries and other cultural facilities which have the potential to significantly increase their contribution to the local economy and society with investment in capital infrastructure. The lottery has also supported ground breaking revenue projects both at community and wider level. The North East Hub’s Culture Shock project for example (www.cultureshock.org.uk) has not only created a fascinating digital archive but has allowed people to debate relevant local issues through the medium of creating 500 digital stores documenting life across the north east.

As the lottery distributors have now established themselves successfully and developed strong policy bases it seems appropriate to allow them to shape programmes more effectively and where they can identify gaps or needs to target activity and, where appropriate, to solicit grants.
Whilst the Big Lottery has had specific responsibility for delivery to the voluntary and community sectors, excluding statutory bodies it is important that arts and heritage lottery distribution benefit the entire sector although we would of course expect applicants to demonstrate evidence of need and demand and how they are linked to user communities.

Many organisations such as our own are actively involved in fundraising from the private and charitable sectors, from trusts and foundations, from individual giving, from sponsorship and through corporate social responsibility. The opportunity to develop lottery strands within heritage and arts which specifically incentivize and increase investment in arts and heritage could be an opportunity for development.

It is also hoped that in future there can be a more joined up approach between lottery distributors. For example projects involving historic and contemporary art may require joint funding applications to Arts and Heritage lotteries – too date these have been difficult to facilitate although we have has significant support with the principle from officers in the North East.

- The impact of recent changes to DCMS arm's-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

The key concern which museums in the North East have expressed is the loss of the high quality regional support which has been provided by Directors of Engagement and their teams. It is clear that many functions of MLA will need to continue (Government Indemnity; Acceptance in lieu; accreditation etc). Who takes them on is more difficult to determine. The Renaissance programme must continue to build on the achievements of museums in the region, both within and without the Hub, and we need a straightforward and effective way of delivering the funding and monitoring for this. It is also very important that the museum development function continues to be delivered to support regional museum. In the North East this works successfully with the Museum Development Officer working within the regional Renaissance team and working closely alongside MLA officers.

As a joint Archives and Museums service we have benefited from the function of MLA across these two domains and from the support regional officers of MLA in particular have given to archives in the region. The relationship between local/ regional archives and DCMS and/or The National Archives needs to be clarified and it is important that there are support structures which can be delivered at a regional level for archives. One possibility, depending on funding, is to have a closer relationship between archives and Renaissance.

Museums and heritage also have a key relationship to tourism, which is a priority are for the government. It’s important that new structure facilitate the development of heritage tourism. If there is an intention to pass some of the national functions of MLA which need to continue (e.g. Acceptance in lieu, Accreditation) going to an alternative agency consideration should be given to either a Heritage Agency perhaps incorporating elements of Heritage lottery Fund and HLF or a Cultural Agency which represents a broadened and reframed Arts Council.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

Museums in the North East already work hard to engage businesses and philanthropist, TWAM has just established a new fundraising trust outside local
authority control which is led by business people and will actively fundraise for the museums and archives. In the North East however, there is a comparative shortfall in the number of high net worth individuals with disposable assets (amongst the wealthier people much investment is tied up in fixed assets) and of head offices or large regional firms where the decision on sponsorship is made locally. This significantly reduces our ability for this type of fundraising. It is particularly difficult to develop philanthropic funding to support revenue costs.

One additional concern is where individuals or organisations donate objects or collections which have ongoing ‘maintenance’ or care costs. A framework which promoted the idea of endowments for care of collections alongside the donation of collections could be of interest.

Whether there need to be more Government incentives to encourage private donations.

Increased tax incentives focused on encouraging philanthropy in this area would be welcome. Specific government initiatives to support the engagement of businesses with culture are also important. It is important that this work goes beyond the ‘easy win’ of encouraging business, for example, to hire paintings for board room walls. Valuable as that is, there is much more that business and culture have to offer to each other.

August 2010
Written evidence submitted by Peter Collins (arts 05)

My name is Mr Peter Collins, I have worked and volunteered within the museums and heritage Sector since 2003 for range employers including the National Trust, Imperial War Museum and The Waterways Trust

In response to your request for submissions for view on future funding for the Arts and Heritage Sector, I would like to make the following points:

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

Renaissance in the regions has been instrumental in transporting learning and engagement in the heritage sector since its inception through funding of posts and targeting particular projects/training schemes. The scaling back on this is very likely to have an impact on the gains that have been made. Central government’s spending reduction on national museums is also likely to reduce the capacity of large museums to support the smaller ones again decreasing the excellent gains in knowledge transfer from larger museums to the smaller ones

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

Shared networks and skills will becoming increasingly important and the focus of any future arts body(ies) should reflect this

What level of public subsidy for the arts and heritage is necessary and sustainable;

A difficult question to answer, current levels of spending has achieved a lot but the more effective use of staff, volunteers and interns could achieve savings

Whether the current system, and structure, of funding distribution is the right one;

Centralisation of funding structure is a sensible one and also for the role of MLA to be merged with Arts Council along with Film etc. However the knowledge of these organisation needs to reflect the sectors that it is responsible for

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

These changes have made the lottery more focused and taken it back to its roots, this positive for the arts sector

Whether the policy guidelines for National Lottery funding need to be reviewed;

Current policy guidelines for Lottery funding work well, but more assistance from the awarding bodies with the applications will assist more applications from smaller organisations, particularly those that are volunteer led

The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

As mentioned previously, this can be positive change as long as the knowledge of these organisations, contacts, support and guidance is retained
Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

Certainly yes, but there needs to need to educate those outside London in gaining more funds in this manner.

Whether there need to be more Government incentives to encourage private donations.

Favourable tax regime based on US style of taxation breaks in relation to the arts will greatly assist in getting more funding into the sector, particularly for institutions outside London.

August 2010
Written evidence submitted by the West Yorkshire Playhouse (arts 06)

Executive Summary

- The UK Cultural Sector is one of, if not the most, valuable and successful globally and a significant driver of the national and regional economies
- This success is due to the diversity of the sector, its mixed funding model and the efficiency of arms length funding bodies
- Significant cuts in state funding cannot be made up from private sources
- Significant cuts in state funding will have serious consequences for arts organisations and therefore UK economy and society
- Recommendation is for the Government to have a rigorous, evidence based approach to cultural policy and the current mixed model of funding with arms length funding bodies to be left intact
- First person testimony

1. Economic and social impact of UK Cultural Sector

There is a tendency to view the Cultural Sector and its sub-set, the Arts, as an essentially frivolous and luxurious past-time which is ‘nice to have’ but has little importance to the economy or health of society. The facts suggest otherwise. In the UK the Cultural Sector has enjoyed significant growth (6.6% 1999-2003), attracts highly skilled and innovative workforce, enables more cohesive, creative communities and is a significant segment of the economy. The UK heads the Organisation for Economic Co-operation and Development’s (OECD) league table for the Cultural Industries with between 3 – 6% of Gross Value Added to the economy. Even just looking at the figures for ‘the Arts’ (music, visual and performing arts), the UK heads the league with 0.5% GVA as opposed to the US 0.3% or France 0.2%. In the UK this puts the Cultural Sector ahead of manufacture of food, real estate and computing in its overall contribution to the economy. In 2003 the figure for exports from the Cultural Sector (excluding software) was £7,700 million. The UK also leads the OECD league table in terms of level of attendance or involvement in cultural activities and time spent on average participating or engaging with a cultural activity. The importance of the Cultural Sector is demonstrated in its use as part of regional regeneration schemes. Culture 10 in Newcastle Gateshead (2000-2007) supported 50 world and UK premieres and the opening of nine new cultural institutions along with a programme of community engagement. Through Culture 10 tourism has become a key component of the region’s economy accounting for about 10% of jobs and reversing a ‘brain drain’ of skilled workers from the region. This programme was supported by a mix of state (Arts Council), regional, European and private funding. This effect is not confined to the larger urban areas. The net economic impact of just six local festivals and events in the local authority area of Kirklees (West Yorkshire) is assessed at £1.9 million.

2. Benefits of mixed funding economy and arms-length funding

In the UK on average public (including state, local, Lottery) funding makes up 50% of cultural organisations funding, with earned income at around 30% and private the remaining 15-20%. At West Yorkshire Playhouse 40% of our income (£2.5 million) comes from state funding, and the remaining 60% from earned and private income. This contrasts with around 70% state funding in France, up to 90% for major arts organisations in Germany and a tiny proportion of state funding in the US. The UK is
more successful, as measured both in engagement with culture and in economic impact, than the largely state funded model (France, Germany) AND the largely private funded model (the US). In levels of per capita state funding the UK does come out just ahead of France and Germany and a long way ahead of the US: about £12 per person per year as opposed to £11.50 in Germany, £9.50 in France and 34p in US. However, when regional funds are added in (7 million Euros in Germany) state funding in the UK is considerably less for a greater impact. An equivalent sized theatre in Graz, Austria, has a turnover of 22 million Euros (of which 80% is state subsidy). West Yorkshire Playhouse has a turnover of £6 million pounds. The theatres produce roughly the same number of productions per year, with the Austrian theatre producing far less community and education projects. In the UK where costs and efficiency of the Regularly Funded Organisations are rigorously examined by the Arts Councils, Local Authorities, Boards and Charity Commission, arts and cultural organisations are more efficient with a greater proportion of turnover going into making art than bureaucracy.

3. The Role of Philanthropy
The total figure for private investment, including business sponsorship, individual giving and trusts and foundations, for the UK in 2008/09 was £653.5 million. But the amount given varies wildly between art form and region. Of that total figure £527.2 million was in London, Scotland and the South East leaving just £126.9 mill for the rest of the country. Across art forms, £347.5 mill going to the sector covered by the Arts Councils with Heritage and Museums making up the rest. The Arts Councils’ total budgets are roughly £734.79 mill. This means that a 25% cut across their budget (£183.70 mill) would require a 53% increase in private investment to make up the shortfall. To translate this into how it would affect West Yorkshire Playhouse and theatre in Yorkshire:

- The total Arts Council Yorkshire funding for Regularly Funded Organisations in Theatre is £7.32 mill;
- A 25% cut would be £1.8 mill;
- The total private investment in Theatre in Yorkshire is £1.3 mill;
- So private investment would have to go up by 138% to make up the shortfall.

Quite simply, it isn’t going to happen. An ambitious but reasonable expectation is that private investment may be able to grow by around 10% annually. A cut in the order of 25% in the Arts Council budget will shrink the sector, probably damaging its ability to raise funds from the private sector. Philanthropy can only in this context be seen as additional to, not a replacement for, state funding.

4. The Impact of Reduced Funding
This paragraph will deal specifically with theatre, and this theatre in particular, as the potential impact can be very different across different art forms. The performing arts, including theatre, are a particularly labour intensive art form. On a typical production here around 75% of direct costs go on people and only 25% on materials. This makes it hard to reduce costs. The obvious reduction is in number of actors and the average size of casts has been driven relentless down for decades from about 10-15 in the 70s/80s to somewhere around 4 – 6 now. Theatres are not overstaffed, in many cases relying on much volunteer and intern labour to make up for lack of paid staff. Cutting material costs may not help overall, as the set, costumes and props are part of the package people buy so it would be difficult to charge the same ticket price.
for a show with no physical production at all. So costs may go down but then so would income. While digital innovations can and will improve the performing arts through reaching and interacting with a greater range of audience and diversifying the artists and means by which art is made, they cannot ever significantly alter the production model. At the heart of the performing arts is the inalienable experience of one group of people performing and another watching. As it is not possible to ‘salami slice’ cuts of 10-25% out of individual production budgets, cuts would mean losing 10-25% of productions. If this happens across the whole sector the inevitable consequence is that theatres will close, some temporarily, some permanently. Closed theatres means the audience will diminish, leading to a vicious cycle of decreasing income and production. This will have far reaching effects. Outside of London there is no such thing as a wholly commercial cultural sector. Commercial companies such as design and marketing firms depend upon the subsidised sector for a large part of their business. Even inside London the commercial sector depends on people, innovation and product from the subsidised sector. A severely reduced subsidised sector will severely reduce the economic and social impact of the whole Cultural Sector.

5. Recommendations
The funding model for UK Arts and Heritage works very well. It produces some of the best art and cultural attractions in the world, is attended by a large, diverse and growing audience, and contributes to local and national economies, for a very small administrative cost. The Cultural Sector enriches communities; in tangible ways through employment, training, creation and retention of skilled workers, and tourism; and intangible through great community identity, cohesion, education and experiences that cannot be had anywhere else. While it is acknowledged that the Cultural Sector will not be exempt from funding cuts, it is strongly recommended that the cuts are not taken as an opportunity to dismantle the system of funding. The funding model we have is world class. To put it bluntly: it isn’t broken; please don’t try to fix it.

6. Testimony
The above figures attempt to give a snapshot of the economic value of the Cultural Sector and the effectiveness of the current funding model. It cannot capture the true value of the Arts for communities and individuals; it cannot measure the joy of a young person helped to feel part of creating something for the first time, or an older person treasuring a memory or the pleasure of escaping into something beautiful. The following first person testimony, taken from a response to a blog on arts funding and the subsequent discussion, tries to give a sense of this intrinsic value.

- Just a thought.

Reading through this (substantial) discussion there seems to be an occasional misapprehension made by some of you.

The arts are not just for the middle-classes.

My friends and I are from working class families, most of us came from the same ‘rough’ (we thought it was alright) estate, lived in council houses and went to an average state school.
We love theatre.

Now I am talking just about theatre here (and indeed it seems that all the arts have been thrown into the same bag...which is perhaps not helpful)

Our drama teacher took us to see a piece of new writing- a play that seemed to be talking about our lives, our situation. Relating with the characters on stage was a thrill, more so because we were sharing the experience with the rest of the theatre audience. That actor/audience relationship simply cannot be reproduced in any other art form (Certainly not film, tv etc. and definitely not the internet, as some here have suggested, which is a very lonely medium)

Because of that play we decided to create our own similar work, at GCSE. It was a piece that allowed us all a chance to express ourselves in a way we could never have before.

This was not outreach or educational work... It was just a play. A play we paid to go watch and it was worth every penny.

Importantly it was a play that might not have been produced if it relied on private funding. The fact is that businessmen are not (usually) artists, they may enjoy art but it is not there job to create it, to consider and develop it. As such they will most likely feel more comfortable supporting work that they feel they understand or would personally enjoy.

This does not allow for experimentation or development. Nor does it allow for art that represents people who do not have the disposable income to support it.

I am the only one of that group of friends who has gone on to pursue a career in theatre. The others are mechanics, teachers, office workers etc but they will still come to the theatre with me...they’re not all massive theatre fanatics but they enjoy it and can afford it because its FREE with the Arts Council’s Night Less Ordinary scheme.

One last thought, my mum is a nurse and yes she would definitely love more money but she loves nothing more than going to see the ballet. It maker her SO VERY happy:

Sometimes watching a thing of beauty is enough to make everything else seem ok.

And sometimes watching something that makes you think just a bit differently may change your life for the better.

Surely a form which might inspire such positive change deserves a little support from that state?

As I say, just a thought.

August 2010
The following is in response to a request from the Select Committee to give consideration to specific questions it has posed.

Our response follows the order of the issues mooted reflecting upon;

- the pro-audio sector’s expectations in continued recession;
- the need to maintain proper funding for non-commercial arts bodies;
- the need for continued core national and local funding for the arts;
- the importance of instigating a review into distribution of arts funds;
- re-establishing the Lottery as a community bonus rather than a public spending top-up;
- including more grass-roots volunteers into the Lottery distribution systems;
- the dangers of falling for precipitate action regarding the Film Council;
- ways to encourage the development of a philanthropic culture and
- ways to provide for donor incentives and a broad base for contribution.

Prepared by Peter Filleul, Executive Director

Introduction

The APRS is a national body that represents manufacturers and service providing business and individuals in the professional audio sectors. Our membership covers the principal music recording studios, manufacturers of professional and ‘prosumer’ studio equipment, Film and TV audio post-production studios, professional audio practitioners and the accreditation of HE and FE courses in sound technology and allied qualifications.

We were founded in 1947, our current President is Sir George Martin, CBE and our founding Patron is the Earl of Harewood.

1) What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

1.1 As suppliers of goods and services to the music, broadcast and film industries, APRS members are often the first to feel the impact of tightened belts and reduced commitment to new investment. Recent financial developments offer few surprises to an industry that has been responding to cultural and technological changes for the last decade but the advent of a climate universal recession, as exemplified by the promised public sector cuts and reductions casts an even darker cloud and slows whatever faltering momentum the service industries have been striving toward.

1.2 Service and facility providers to the entertainment industries will suffer the knock-on effect of reduced production activity which has already dealt many terminal blows closing a large number of music and post-production recording studios but the manufacturers and suppliers who have grasped the new technological opportunities have often thrived.

1.3 In truth, all these business adjustments will have much less of an impact on the ‘arts and heritage’ of the nation than they may on the current businesses, infrastructures and entrepreneurial expectations that orbit them. There may be different winners and losers but ‘the arts and heritage’ will always survive and usually grow in times of financial stress be it out of creative ingenuity or by virtue of fulfilling an increased need for distraction.
2) What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

2.1 The creative and especially the music community is very fragmented. Trade Associations have historically played a pivotal role in the relationship between the parties be they representing commercial endeavours, not-for-profit, amateur or charitable aims or those involved in education and training. There are quite a number of trade organisations that represent both corporate stakeholders and individual practitioners and there have always been passing enthusiasms for collaboration, strategic alliance or even mergers. However, despite the convergence of technologies and skills in the entertainment sectors, there has been a reluctance for established representative organisations with specialised horizons to forgo their identities or abandon their memberships to be subsumed in rival bodies.

2.2 In the case of umbrella bodies that bring together whole sectors of industry, the copyright music sector has relatively recently established UK Music as a single policy and lobbying vehicle for their concerns. This has left the service and manufacturing sector out of the ‘copyright’ loop and bundled with the not-for-profit sector umbrella body, The National Music Council. The NMC is in the process of re-positioning itself as a conduit to and from the commercial sector and a voice for organisations that are close to grass-roots music making. The NMC’s undertakings were formally supported by the commercial sector but its new more narrowly focussed agenda has diverted energy and resources away for the NMC’s goals. The NMC may require some measure of subvention from the commercial sector if it is to continue its role as a bridge between music making and music selling.

2.3 Many arts bodies that rely upon ‘volunteers’ and eek out their programmes on limited and reducing resources have been feeling the stress and strain of declining membership caused by reduced corporate employment and the perennially uncertainties of working freelance. Membership organisations for individual practitioners, in addition to subscriptions, rely to a considerable extent upon support from corporate sponsorship and sustaining member arrangements for their income. They have tended to provide representation for practitioners who have acquired niche skills many of which are software based and are becoming de-specialised.

2.4 Consolidation may be difficult but there is still hope for increasing levels of cooperation and there is recognition of a convergence of the interests of these niche groups. Moves to create an umbrella body to provide a single voice for professional audio practitioners benefiting from the advantages of much larger critical mass without threatening the sovereignty of existing organisations, are taking shape, cautiously.

3) What level of public subsidy for the arts and heritage is necessary and sustainable;

3.1 The balance between public subsidy and private support is a tender subject made more sensitive by political persuasions and reactions. The ‘arts’ may seem an easy target for cuts in support especially being a sector that produces subjective, unquantifiable and often ‘un-monetised outcomes’. However, insisting that business values provide the defining measure of cultural success can only strangle the creativity upon which innovation relies. Just like the space exploration programme produced spin-off inventions and new theatres of science that otherwise would not have developed, creativity, as expressed in every artistic or creative endeavour, generates countless fresh springs of invention, ideas, philosophies and imagination that feeds our ever-growing sense of culture, heritage and spiritual well-being.

3.2 Core support funding is essential throughout the arts, especially support for local activities, venues, arts centres, galleries and craft centres that form the skeleton upon which the flesh of grass-roots creative aspiration can flourish. Locally informed resources and volunteers should play a larger part in allocating national and municipal funding,

3.3 Notwithstanding the desire for generous funding, constraints breed innovation and can be responsible for uncovering commitment and energy that otherwise might remain unruffled. Necessity is
often accused of being the ’mother of invention’ and it is certainly true in music, as with all the lyrical and performance arts. Sadly, complacency born in the ‘good times’ so often sustains creative inertia and promotes stagnancy whereas harder times tend to stimulate talent to produce inventive solutions and dynamic expressions driven by a need to counter hardship, injustice and struggle.

3.4 Whilst it might be expected that these representations would come down on the side of enhanced, maximised support, we must acknowledge the truth in the adage that ‘talent will ‘out’.

4) Whether the current system, and structure, of funding distribution is the right one;

4.1 It might be argued a centralized, single body, arts administration structure most likely shows the lowest levels of duplication and is inherently more efficient and cost-effective than any de-centralized system could. However, the national arts bodies that handle funding in the devolved authorities have proved inconsistent and have a natural tendency toward creative autocracy and administrative paralysis. These unattractive traits combine to encourage an impression of either unimaginative resort to the ‘status quo’ or ill-considered investment in politically-correct but artistically indulgent new works.

4.2 Top down decision-making on funding will always suffer such criticism and so it may be time to explore a more ‘localised’ and focused approach. Indeed, the use of existing non-statutory bodies (such as trade and professional associations) to administer funding and programme priorities could offer direct industry experience. Exploiting established communication networks would avoid the duplication of administration necessitated by building ‘quango’ type infrastructures. Similar advantages would accrue to skills training if industry based trade bodies were to be funded to support their existing programmes rather than diverting funds to establish and maintain unfocussed sector based self-fulfilling hierarchies.

5) What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1 The proposed re-balancing of National Lottery allocations over two years in favour of Sport, Heritage and the Arts conforms with the ambition to adopt a more localized approach to Arts funding overall. It is acknowledged that orchestrating such a shift would bring funding distributions closer to the original intention of the Lottery and that whilst some of the so called ‘good causes’ supported by the Big Lottery Funding pot have developed so as to substitute for state funding from other sources, the effect of the overall changes will be to de-politicise what was supposed be a community based bonus rather than a windfall top-up to replace public spending.
6) Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1 Certainly, the processes and guidelines under which the ‘Cultural’ sector’s Lottery funding should be reviewed given the proposed increase in allocation and re-focusing of distribution priorities.

6.2 The bodies that allocate grants might themselves benefit from a governance structure that comprises a greater proportion of honourary volunteers representing recognized interests and including grass-roots personnel.

6.3 Allowing an expectation to develop whereby public sector shortfalls are replenished by Lottery funding would create an unhelpful precedent; the temptation to provide funding that substitutes for reductions in public spending should, in the main, be avoided.

7) The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

7.1 The perfunctory abolition of the Film Council will have a disastrous effect on the technology based film service industries for which the UK has enjoyed an unmatched international reputation for over 20 years.

7.2 High value overseas film and TV productions need to be persuaded to come to the UK. Their choice of base for all their business operations from location services to final mixing will be heavily influenced by the tax and regulatory advantages to be gained in the core territory. In addition to specific financial incentives, the capacity of the Film Council to advise and facilitate production, co-production and distribution goes further to attract and encourage overseas (and especially US financed films) than any other single factor.

7.3 London enjoys a special reputation derived from its hub of film and TV post-production services based (largely) in Soho which relies upon a cluster of talent being accessible within a walkable area. The Film Council has been able to promote and emphasize this unique multi-sectoral advantage in its role as an arms-length body.

7.4 We have general sympathy with the notion of reducing the number of quangos and NGPBs, however, to do away with the Film Council shows a unique degree of ill-informed shortsightedness that can only lose the country money. The decision to abolish it should be reversed without delay.

8) Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.1 Yes they can – but they will deserve a better climate of recognition and even reward. In addition to tax incentives (mentioned below), corporations and philanthropists should be encouraged to provide services, accommodation and marketing support for cultural activities. Company premises can be used as venues for events, car parks could be used for local fund raising events to help local arts projects. Corporations should be allowed to write off such provision as ‘in-kind’ contributions to the communities they serve, free of any tax burden.

8.2 Beyond the financial breaks that could be established, a climate of civil respect for corporate and
individual contributions – promoting the ‘honour’ of serving the community should be encouraged and even acknowledged through a system of community recognition. [A model has existed for centuries in Jersey where the ‘Honourary system’ gives opportunities for respected citizens to serve the municipalities in such activities as approving and allocating loans and grants within the gift of the local administration, policing of local bye-laws, speed restrictions, rowdy behavior etc. The system is perceived to have varying hierarchical levels which often built toward an individual standing for local government.]

9) Whether there needs to be more Government incentives to encourage private donations.

9.1 The US ‘philanthropy’ model has been mooted as a way for well-heeled arts devotees to plug the hole likely to arise following the recent public funding reductions. However, there is a direct and simple tax incentive enjoyed by rich US citizens that the UK’s ‘Gift Aid’ does not match. The ability for individual and corporate donors to write off as a non-taxable expense a substantial proportion of donations to approved foundations, trusts and endowments will contribute enormously to creating a culture of generous donation to artistic and deserving causes.

9.2 A review of the UK’s personal and corporate tax regime should include consideration of a measure that provides an opportunity for tax-payers to direct a proportion of their otherwise payable tax to funding bodies that support cultural activities, civic and other deserving causes.

9.3 Developing a philanthropic culture should be a broad-base endeavour that is shared by the whole community irrespective of financial status. Whilst it will be very useful to have the funds that can be provided by multi-millionaires, respecting generous contributors who give not only in monetary terms but those who devote their time and experience will be key.

August 2010
The Foundation for Community Dance is the professional organisation for anyone involved in creating opportunities for people to experience and participate in dance. We have over 2,000 members – dance artists, organisations and companies, colleges, universities and local authorities – who represent some 5,000 professionals working in community and participatory dance across the UK and reach almost 5 million participants and an estimated audience of 10 million annually.

1. The impact that recent, and future, spending cuts from central and local Government will have on the arts and heritage at national and local level

1.1 The recent and significant increase in arts funding over the past 10 years has raised the aspirations and ambitions of arts organisations, participants and audiences therefore spending cuts at both central and local level will be felt more deeply than before. Small community-based dance organisations, which the Foundation for Community Dance represents, will find it difficult to sustain year-round activity and will be thrown back on small and intermittent project grants – a regression to the funding environment of the 1990’s.

1.2 Much is being made of the potential cuts to national arms-length bodies, yet our concern is that reduction in funding by local authorities will have a deeper impact on community and participatory arts activities. Funding for organisations that offer community dance activities as part of their programme is very often a partnership between the Arts Council and local authorities, and we would regret any return to the game of ping-pong between funders symptomatic of previous decades.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

2.1 Collaboration is of great benefit to the arts. We offer two examples of how the dance sector, through clear leadership and clarity of purpose, has worked together to forward national strategic programmes – with each partner bringing to the table their own expertise and resource:

2.2 Dance Training and Accreditation Partnership (DTAP): a small group of national dance bodies came together to address the issue of quality dance provision for young people in the informal sector. Sharing their knowledge and skills, they have developed a national qualification for teaching dance with children and young people in the informal sector; are developing national occupational standards for community dance; and researching the potential of establishing a more formalised approach to quality assurance across dance. The group successfully applied as a consortium for Arts Council England lottery funding, which no individual organisation could have achieved on its own.

2.3 Dance Takes the Lead Group: A much broader coalition of some 20 organisations representing the full spectrum of dance in the UK came together to develop proposals for dance to have a role in the Cultural Olympiad. This was a sector-wide initiative to address the issue of dance not having a specific strand in the Olympiad programme in the way other artforms have. We have, together, developed an exciting proposal that is being taken forward by LOCOG and the Arts Councils of the UK. It would have been simply impossible for one organisation to achieve this.

3. What level of public subsidy for the arts and heritage is necessary and sustainable
3.1 We don't know that we can answer this in any meaningful way, other than to say that after a period of increases in state subsidy of the arts we were approaching a time that felt far more sustainable than ever before. Any damage to this should be minimised, as should the wasteful or irresponsible use of public funds by funded arts organisations.

4. Whether the current system, and structure, of funding distribution is the right one

4.1 We support the arms length principle, and the need for the Arts Councils. However, our sense is that there is further scope to develop more streamlined and transparent organisations that have themselves responded and changed in relation to the external financial and social landscape.

5. Whether the policy guidelines for lottery funding need to be reviewed

5.1 We welcome the Secretary of State's consultation about the national lottery shares. We support a widening of access to arts using lottery funding and a review of policy to take account of this.

6. Whether businesses and philanthropists can play a long-term role in funding arts at national and local level

6.1 Philanthropy clearly has a role to play in the funding mix for the arts. Indeed many large national and London-based organisations have very successful track records in attracting donations. Recent evidence from the USA suggests that in the current economic climate these kinds of donations are beginning to slow down.

6.2 We have serious doubts that individual and corporate donations will provide any significant or serious level of sustainable support to community arts activity. We do not believe that the donor benefits or attractions exist within small-scale and grass roots arts activities to develop philanthropy, as currently envisaged by the Government, as a sustainable part of the funding mix.

6.3 Some corporations – eg Natwest, Tesco etc – already run community investment programmes, and support local charitable activities though on the whole these are small, one-off amounts and arts organisations are not often beneficiaries. Where more significant corporate donations exist these are very often targeted at mainstream arts performance and providers – opera, ballet, classical music. We should be very wary of applying models that work for these organisations to ALL organisations. Where potential to attract donations exists this should be encouraged, where is does not this should not result in punishment.

7. Whether there needs to be more government incentives to encourage private donations

7.1 Yes. However, we might need to consider an approach about changing hearts and minds – a values based campaign – and less about individual and corporate tax breaks, to initiate a step-change particularly to individual giving. Might the plethora of lobbies and organisations set up to help us ‘cope with the cuts’ usefully work together on this?
7.2 We also suggest that Brazil developed an interesting model, where corporations receive tax incentives for their donations to socially inclusive work rather than the merit-goods offered by the large-scale national galleries and companies.

August 2010
Written evidence submitted by Turner Contemporary (arts 09)

Submitted by Victoria Pomery, Director of Turner Contemporary on behalf of the organisation.

Key points raised in the paper:

• Culture is economically and socially valuable to the country.
• The true value of culture goes beyond economic statistics.
• Turner Contemporary can provide examples of projects that have improved participants lives and promoted social cohesion, and we know these kinds of projects are replicated by organisations across the country.
• We are focused on maximising income from commercial activities and private sector funders but our project will always require some degree of public sector support in order to succeed.

1. As I am sure the committee is aware, the statistics behind the UK cultural sector are impressive. In the last 10 years the creative and cultural industries have grown faster than any other sector and now account for 2 million jobs and in 2007 £16.6 billion of exports.

2. Museums and galleries play an integral role in the UK tourism industry, accounting for eight of the UK’s top ten visitor attractions, and we know that two thirds of the adult population enjoy the arts, visit historic sites, and go to museums and galleries. The economic benefits of the UK’s major museums and galleries are estimated to be £1.5 billion a year.

3. But I would like to stress to the committee that the benefits of arts and heritage extend beyond the facts and figures. Culture plays an important role in all areas of national life and the benefits that it brings are immense and cannot always be quantified. A cultural experience as a child, for instance, may not have a real impact on that individual until he/she becomes an adult. From our own work here in Margate, we know that our very presence as a visual arts organisation has made a difference.

4. Below are three example projects provided for the committee’s attention, however I am sure that you will find that arts based projects like these that promote community cohesion, personal development and provide learning opportunities are replicated by organisations across the UK.

5. Our Cultural Ambassadors project, for instance, has enabled individuals from the community who have had no previous arts education and, in many cases no formal education whatsoever, to undertake a 12 week accredited course to gain practical skills through artist led workshops, visits to galleries in London and exploring ways of looking at, discussing and making art. During the six years that Cultural Ambassadors has been running we have had many participants go on to enter the Access course and continue onto the part time Fine Art BA degree at the University for the Creative Arts (UCA). Developed in conjunction with UCA, this scheme has enabled people with limited skills, low self esteem and confidence to thrive and flourish.

6. Through our Thanet Works scheme in partnership with Thanet District Council we are training 15 currently unemployed residents in customer care and welcome. At least 5 of these participants will be employed within our gallery with the others helped to find employment within the community.
7. Our award winning *Times of our Lives* project brought together the young and the elderly from across the local community, sharing experiences and promoting understanding. Here art was the catalyst for bringing the community together in a way that would not happened otherwise.

8. The success of these and other projects, developed out of partnership working, recognising the needs within the community and finding a creative solution. The education sector would not have been able to develop such projects without the input from an arts organisation and vice versa.

9. During spring 2011, we will open a new gallery building here in Margate designed by award winning practice, David Chipperfield Architects. The costs of this new building (£17.4m) have been met through a partnership of funders including Kent County Council, Arts Council England and the regional development agency, SEEDA, with a small amount of private funding.

10. The partners’ investment demonstrates a belief that Turner Contemporary can act as a key element of the regeneration of Margate and East Kent. As an organisation we are well placed to support skills and training, learning and community cohesion agendas but we also aim to make a major impact on the tourism offer in Kent and the South East and strive for excellence in all areas of our work. We will be the largest gallery space in the south east outside London and will deliver a world class programme of exhibitions and events. This will attract an anticipated 150,000 visitors to Margate, driving an expansion of the tourism offer and putting money into the local economy.

11. Turner Contemporary will be run in an efficient and professional manner, with good financial controls and a business planning process focused on meeting objectives and delivering excellence. I am accountable to a board of trustees, chaired by John Kampfner, who are drawn from various walks of life and who have a multiplicity of skills. We are committed to ensuring that we earn income from commercial activities and we already work in partnership with others to reduce/share costs where possible, but the gallery will always require some level of funding support.

12. Over the past few years we have run a capital campaign to meet some of the costs of the new building. Likewise we have had some success in fund raising for our revenue costs, however, there is a considerable amount of competition within the geographical area as well as the visual arts to generate large sums of money from businesses and philanthropists. The majority of the businesses that are based in East Kent are small and those larger businesses that are here eg Pfizer, Hornby and Saga are asked to fund all manner of community initiatives and may not have the inclination to use their CSR budgets to support the arts.

13. I know that many of my peers will be sharing similar experiences with you. We passionately believe that the arts have a vital role to play in society and can deliver measurable economic and social benefits in addition to hard to capture impact that creativity and imagination can play in people’s lives. We embrace the need for museums and galleries to take responsibility for raising revenue through commercial and fundraising activities, but experience tells us that there has to be a mix of public and private sector funding in order to achieve a buoyant and dynamic cultural sector.

*August 2010*
1. SUMMARY
   
a) If cuts are to be made, they need to be phased.
   
b) Core funding: local/national government funding is frequently the organisation’s only core funding, although not usually 100% of its overhead needs. But it is the bedrock which pays for the time to create more and diverse income streams.
   
c) The impact of cuts on small-medium sized organisations is disproportionately large.
   
d) The impact of arts organisations locally and nationally extends far beyond the work itself into a raft of socio-cultural-economic fields.
   
e) Arts organisations exist on a jigsaw puzzle of funding arrangements, which are interdependent and reliant upon complex match funding. However, funding from central and/or local government is a crucial element because it indicates a certain quality standing and that the organisation is aware of and performing to outcomes and outputs.
   
f) Funding decisions need to be transparent.
   
g) There is not yet a widespread culture of giving to the arts by business and philanthropists in this country. Where it does exist it most usually accompanies government investment and is generally aimed at large arts organisations with very well known names. If this is to change it will take a considerable time.
   
h) If government is not setting an example of investment, why should businesses invest in the arts when this is not part of their raison d'être.
   
i) Giving financial incentives to the private sector and to philanthropists to invest in the arts may lead to further bureaucracy and ‘red tape’

2. BACKGROUND TO THIS SUBMISSION
   
a) Horse + Bamboo is a small/medium sized touring theatre company with a unique visual theatre programme, started over 30 years ago. The company tours nationally and internationally from its Lancashire base (which it owns). This Lancashire home – The Boo – is an internationally recognised centre for visual theatre techniques (mask, puppetry, music, film, animation). Hence the Company runs masterclasses and mentors other artists and arts organisations. The Boo also operates as a rural-based arts centre with a regular programme of events, mostly but not exclusively for families. It is also used by a diverse range of groups (both arts and non arts). It is a centre for community life.
   
b) Horse + Bamboo typifies many small/medium sized arts organisations. It is currently regularly funded by ACE and also receives regular funding from Lancashire County Council and, lately, from Rossendale Borough Council. In 2009/10 this funding contributed 55% of our total income. An entrepreneurial philosophy underpins us as a subsidised arts organisation: over the last two financial years we have increased our proportion of earned income from 13% to 20% and this will increase again in 2010/11 following a major restructure. We currently have no private sponsorship but are planning a campaign.
   
c) We are characteristic of the many small-medium sized organisations which are a significant part of this country’s cultural spectrum. This submission does not claim a unique perspective but is founded on a wide-ranging view of this country’s arts sector, embracing our local arts centre concurrent with the expertise which brings international artists to the Boo, alongside our touring programme. A local family dropping into a puppet show here may only be dimly aware of our national touring
programme or of our attraction for international puppeteers. From another perspective we work collaboratively with Manchester’s Royal Exchange Theatre, and are regular visitors to venues such as the Egg in Bath and the Dome in Brighton. People on international placements spend time with us and are frequent visitors to our website. Additional national and wide-ranging insights are gained by the Chief Executive as a Board member of the Independent Theatre Council.

d) This submission deals with arts matters. We regularly work in partnership with heritage organisations but are basing this paper on our own area.

3. IMPACT ON US OF RECENT AND FUTURE SPENDING CUTS TO THE ARTS BY CENTRAL AND LOCAL GOVERNMENT

Almost 90% of our core funding is supplied by ACE and by Lancashire County Council. This is the bedrock which supports our infrastructure and enables us to develop projects and obtain funding for them. In the current financial year have absorbed the 0.5% cut from ACE. Removal or serious reduction in this core funding curtails our ability to run projects which earn income and because of likely redundancies, means loss of key staff, which further imperils our situation.

a) Ending or a massive reduction in already programmed activities means a huge loss of earned income. For example, our new show – Red Riding Hood – which we are creating for a Christmas 2010 run at The Boo will then tour in winter of 2011. It already has a three week run for December 2011 pencilled in with one of England’s major venues at the start of a national tour. This is a new show which is not grant funded (apart from core time of the joint artistic directors) and will earn money for the Company.

b) Likely redundancies or, at best, stand-still salaries for a team which is already lean could result in loss of key staff, for instance,

i) Horse + Bamboo has “grown its own” producer who now has very good experience and a huge range of contacts and would be a very attractive employee for another company where it is likely she would earn more. For now she’s happy to stay with us to gain further experience; she loves our work and how we work, and relishes the challenge. Her loss would be a big dent in our ability to produce and sell our work. We would have to restart with a trainee and rebuild, threatening the success of our touring work.

ii) Loss of other senior staff who cannot afford to work part-time – loss of skills and expertise.

c) A significant amount of The Boo’s range of activities would be abandoned or significantly reduced. This would mean:

i) Without support infrastructure we could not run masterclasses or programmes of courses in visual theatre for which we are internationally renowned. These skills would be lost, and we would also lose the income which we derive from this popular activity.

ii) With fewer activities, particularly of national and international significance, the Boo (our building) would no longer be a unique meeting place and forum for national and international artists specialising in visual theatre techniques.

iii) Our family programme at The Boo is largely funded by the Esmee Fairbairn Foundation (until 2013). But our core funding supplies programming and management. This programme (just starting to have an impact) is targeted at families in Rossendale’s three most deprived areas – all in the most deprived 15% of all wards nationally. It would be unable to continue if there were significant cuts in core funding. The latest Taking Part survey shows that participation rates in
the arts amongst people from socio-economically deprived areas are significantly lower than regional and national norms: closing or significantly reducing our family programme would reduce this participation still further immediately but also reduce participation in the longer term since most successful participation starts early and develops.

d) We own our own building – a great (and unusual) resource for an arts organisation. Ultimately, significant cuts in overheads could mean having to sell the building. This would mean:

i) End of all building-based activities (see comments at c) above).

ii) Loss of space to create work leading therefore to loss of income.


iv) The closure of an active and increasingly more active community centre which provides accommodation (either regularly or occasionally) for:

- Local community groups
- A community choir being facilitated by professional artists
- Local authority public meetings
- Arts organisations
- Various local meetings for entrepreneurs
- A youth video and film unit

e) An end or significant reduction in our activity would also have a big impact on the local economy in Rossendale, an area of significant deprivation, low wages, and low expectations in which we are the only professional arts centre.

i) In 2009/10 we brought £139,934 into Rossendale. Wherever possible we spend this money locally – so that all materials for sets are bought here, vans for touring are hired from local firms, office supplies are sourced locally.

ii) We provide a wealth of opportunities for volunteers and placements, all of which are carefully structured to match the needs of those involved whilst also meeting our needs. Our volunteers include students keen to enhance their experience, and people who have been made redundant but who wish to ‘keep active’. We are also developing volunteering programmes for people who are long term unemployed, and have worked with volunteers with mental health disabilities.

iii) We provide placements for people at varying points in their careers. Last year, for instance, an assistant professor from College of St Benedict and St John’s University in the US spent 3 months with us, whilst we also provided placements for local year 10 students, for undergraduates, and for postgraduates.

iv) Apart from the useful experience for students of being on placement, we also offer inspiration and aspirational ideas not only about work, but also as role models for successful artists. This broadens the vision for work experience students; for instance, it is not unusual for local drama students to perceive live theatre solely as musicals and for their aspirations to be bounded by a wish to appear in a soap.

4. GENERAL IMPACT OF RECENT AND FUTURE SPENDING CUTS FROM CENTRAL AND LOCAL GOVERNMENT ON THE ARTS

a) Cuts which are too drastic, not phased, and which wipe out a raft of small-medium sized arts organisations ignore the centrality of the arts in everyone’s life. They will reflect lack of understanding of something which is at the heart of communities and of individuals’ lives. ACE:NE’s film ‘Life Without Art’ sets this out simplistically but
effectively. http://www.artscouncil.org.uk/news/north-east-family-learns-value-art. The most recent Taking Part survey has tighter definitions for the arts and shows that, according to its own definitions, almost 74% of people in the NW had a link with the arts.

b) If small-medium sized arts organisations either cease to exist or have drastically curtailed programmes this, in turn, impacts on national artistic life; we are regular visitors to many universally acclaimed theatres, for example, the Royal Exchange in Manchester, the Theatre Royal in Bath, the Dome in Brighton, the Unity Theatre in Liverpool. We enrich their programme. And bring a unique performance.

c) Dilution of expertise: if we no longer exist as a centre of excellence for visual theatre techniques this whole area of practice is diluted. Mask and puppetry, film/animation and music all play critical roles in theatre, although not usually combined as in Horse + Bamboo’s work; dilution of this expertise makes it harder to retain and further develop skills nationally.

d) A major reduction in the number of small-medium sized arts organisations means massive reduction in access to the arts - fewer people having access to the creative, thinking, imaginative space – the ‘what if’ scenario which the arts – and particularly theatre - puts forward. It is the space where things can be seen differently.

5. WHAT CAN ARTS ORGANISATIONS DO TO WORK MORE CLOSELY TOGETHER IN ORDER TO REDUCE DUPLICATION OF EFFORT AND TO MAKE ECONOMIES OF SCALE?

a) This already happens: most organisations have a core management/administrative team which is augmented by contract workers as necessary. Hence the pool of artists is self employed and contracted for a particular piece of work. When not contracted to us they will be working with other arts organisations on a similar basis. Not only is this a financially sensible system, it also enriches each arts organisation’s practice by having a network of links across the sector.

b) Most arts organisations will contract out their accounting, IT support, and building maintenance. It would be worth examining the potential for economies of scale here with larger contracts covering several organisations.

c) Our membership of the Independent Theatre Council (ITC) means for a modest annual subscription we access legal, personnel, managerial advice. ITC also run training and provide a highly valuable sector network.

d) We have considered the possibilities of sharing our building with another arts organisation; we already provide regular accommodation one day a week for a youth film/video group. Our own activities would be curtailed if we were to expand this arrangement to any extent.

6. WHAT LEVEL OF PUBLIC SUBSIDY FOR THE ARTS AND HERITAGE IS NECESSARY AND SUSTAINABLE? The arts budget costs the government 17p a week per person. This relatively small public investment enables arts organisations to raise a phenomenal amount of money against this sum from other sources, including earned income. Any more than a shaving off this amount (in acknowledgement of current difficult times) would radically reduce the amount of money which it enables arts organisations to generate. Furthermore, the amount raised either stays in the country or generates further income from abroad either by attracting tourists to this country because of the quality of the arts or by directly exporting work abroad.

7. THE CURRENT SYSTEM AND STRUCTURE OF FUNDING DISTRIBUTION: There are anomalies in the current system of funding from ACE:
a) Historical precedence means that similar organisations doing similar levels of work receive different subsidies. In our own case we are funded by ACE as a touring theatre company but it is impossible for us to create, produce, and tour work without additional funds: not the case for other touring companies. Furthermore, we need the approval of ACE to apply for a Grant for the Arts award which is by no means automatic.

b) Combined with a) there is a lack of transparency about funding decisions.

8. CHANGES TO THE DISTRIBUTION OF NATIONAL LOTTERY FUNDS: it will clearly be beneficial for the arts if a greater proportion of national lottery funding is ring-fenced for arts and heritage. This will, presumably, always be aimed at particular projects and would not compensate for ending or radically reducing core funding arrangements between ACE and arts organisations.

a) Lottery income will always depend on public ‘choice’ to some extent whereas government subsidy for the arts is a government policy decision.

b) It is reasonable to argue that those contributing most to the lottery should receive the most; hence lottery funding should not support arts forms which attract fewer lottery players and which are able to attract private sponsorship and high box office income.

c) Currently it seems impossible to persuade Awards for All funding panels that arts projects achieve social change. There seems to be a default acceptance by Awards for All that arts projects should be funded only as arts projects.

9. IMPACT OF RECENT CHANGES TO ACE:

a) The recent restructure within ACE augurs well for developing relationships between ACE and RFOs and gives scope for ACE to act as a broker in funding and other relationships, particularly with local authorities.

b) The restructure also connects an arts organisation with a broader mix of people within ACE; this is particularly relevant in our case as we now have links to theatre, visual arts, and combined arts (mask and puppetry) in addition to our relationship manager.

c) Negatively, it is now even more difficult to receive authorisation to apply for Grants for the Arts funding if an organisation is already Regularly Funded. Before the restructure, a conversation with the organisation’s ACE Officer was where the decision was made. Now, the Relationship Manager needs to authorise a request to submit a written application for permission to apply for a Grants for the Arts. This request goes to a regional panel – and the approval rate is currently about 20%. If approval is received, then an application to Grants for the Arts can be submitted – current approval rate is at the most about 30%. Given the inconsistencies in funding of RFO’s, it should be recognised that some RFO’s will need automatically to apply for Grants for the Arts funding.

10. CAN BUSINESSES AND PHILANTHROPISTS PLAY A LONG-TERM ROLE IN FUNDING ARTS AT A NATIONAL AND LOCAL LEVEL?

a) It is conceivable that businesses and philanthropists could play a larger role in funding the arts. This is not widespread in the UK and will take a long time to develop. It will also take considerable work on the part of arts organisations to develop these new relationships. It cannot, therefore, be a quick solution to replace rapid and dire cuts to arts organisations’ core funds. For arts organisations outside the metropolitan centres (with one or two obvious exceptions) it is likely that this will be an even longer process. In deprived areas, it may not be possible.
b) In the UK most private donations are part of a jigsaw puzzle of funding for an arts organisation. The private donation is not in lieu of public funding but is part of an overall fund which will include public funding. Hence if government is choosing not to fund the arts as a policy decision, why should the private sector?

c) Businesses have to make a profit and there are clear examples of sound business investment in the arts which contribute to profit-making, for example, some of the “big names” in the major cities but it is likely that only a very few businesses, although possibly more philanthropists, will be willing for their investment to fund risky projects. The result of this is could be an arts sector which is staid, unchallenging, and which ultimately does not sparkle and provide the creative leaven in society.

d) At a time of economic uncertainty, it is reasonable to assume that businesses will be unable and/or unwilling to establish long term sponsorship relationships with arts organisations. What’s more, many businesses will be unable to afford to invest in the arts, or will be wary of investing when other areas of their business are contracting.

e) In areas of deprivation the private sector is a relatively small part of the local economy. It probably exists on very low margins. It is unlikely that these businesses will be able to invest.

11. SHOULD THERE BE GOVERNMENT INCENTIVES TO ENCOURAGE PRIVATE DONATION?

a) The Gift Aid system should continue. It is concrete government recognition of the good that private donations do.

b) As far as government encouragement for private businesses to donate to the arts is concerned, it may be that tax incentives could play some part but, to repeat, business investment decisions will – or should - be based on an investment strategy towards business success. It could also increase bureaucracy and ‘red tape’.

_August 2010_
Written evidence submitted by Mind the Gap (arts 11)

Submission made on behalf of the organisation by:

Julia Skelton, Administrative Director
Tim Wheeler, Artistic Director

Summary

• Substantial cuts in arts funding will inevitably reduce the amount of activity cultural sector organisations are able to deliver, and therefore is likely to reduce impact including the number of people enjoying, creating, participating in cultural activities.

• The impact of cuts is likely to result in less artistic risk and diversity.

• The investment made in the cultural sector since the Lottery’s inception has made the UK one of the most vibrant, progressive and successful countries in the world. We think it is highly unlikely that the Olympics and Cultural Olympiad could have been secured without the substantial investment that’s been made.

• We understand and welcome the Government’s desire to streamline organisational structures and reduce bureaucracy, but this needs to be balanced with an approach and systems that are sufficiently knowledgeable and experienced to make strategic, informed and swift responses and decisions.

• The proposal to increase the share apportionment for arts, heritage and sport will benefit audiences and communities. Engagement in creative arts as performers, practitioners, participants and audiences is essential to a healthy society.

• The Arms Length principle is essential to ensure development of an artistic ecology free undue party political interference. Artists provoke and disturb the status quo. This is vital for progressive change.

• Many businesses already support ‘corporate social responsibility’ programmes that lead to investment in the arts – either through cash funding or in-kind support through volunteer input. Undoubtedly this could be extended and developed further.

• However, we fear that only the commercial / popular work will get supported, while smaller, diverse and more ‘risk-taking’ work will be marginalised.

• In the current economic climate – when both corporate and individual budgets are tight – it is not realistic to expect a major upturn in funding in the short or medium term.

Detailed response

1 What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

1.1 Substantial cuts will inevitably reduce the amount of activity cultural sector organisations are able to deliver, and therefore is likely to reduce impact including the number of people enjoying, creating, participating in cultural activities.

1.2 Mind the Gap has an annual revenue turnover of around £500,000. It is estimated that cuts of
10% from central and local government will reduce the core funding - on which we rely for our sustainability - by at least £25,000; cuts of 20% will reduce income by £50,000.

1.3 We are wholly committed to using core public funding to help lever other resources, and generating earned income. However, it is unlikely that we can bridge this gap through other sources in the current economic context.

1.4 The company’s administration costs (excluding staff costs) are already only 4% of turnover, and our overheads accounting for approximately 12% of turnover support a beautiful fully accessible custom-designed lottery supported refurbishment of an iconic Mill building in Bradford that provides not only for Mind the Gap’s needs – but is also a valuable resource to a much wider community.

1.5 Therefore, the likely impact in addition to reducing impact and outputs is likely to be the loss of staff members, and hence contribute to increased unemployment.

1.6 We already spend considerable time trying to bridge the core deficit each year and were hoping prior to the downturn to be able to make the case for increased revenue support in order to release time to explore other business opportunities. With a relatively small increase in core funding we would be able to be vastly more effective in our other fund raising activity.

1.7 Positively, we believe that there is evidence that work is heading out onto the streets or using on-line platforms to keep costs down and increase visibility. This type of activity meets a much wider audience demographic.

1.8 Overall, however, the impact of cuts is likely to result in less risk – taking across the whole arts ecology, venues will want product that does not take artistic risk. There will be pressure on companies to produce less risky (and hence potentially less interesting) work. ACE funding should be targeted on less commercial activity so that diversity can thrive.

2 What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

2.1 Mind the Gap is wholly committed to collaborating, sharing and increasing impact by working in partnership with other organisations. We have an evidenced track record – including regional partnerships with Yorkshire Dance, Artworks Creative Communities and Kala Sangam; national partnerships with Shape, Oily Cart and Graeae; and international partnerships including the Centre for Creative Cultural Development in Hong Kong.

2.2 We recently benefited from investment from the Capacity Builders Modernisation Fund that enabled us to explore partnerships in a more formalized and analytical way.

2.3 We identified ways in which we might increase impact by working in partnership with other organisations, and also improve efficiency and use economies of scale by sharing training, volunteer networks and potentially joint-purchasing.

2.4 However, we clearly identified that ‘merger’ was not an option, and this is unlikely to be relevant to many arts organisations in our view. Mergers in the private sector are usually motivated by one organisation wishing to ‘takeover’ another, usually result in significant redundancies, and are rarely undertaken in a spirit of collaboration and partnership!

2.5 Mergers are motivated by reducing costs. We have identified ways to benefit from economies of scale. Arts orgs have been doing this for some time. However producing arts orgs are driven by distinctive artistic vision. It makes no sense to merge visions.
3. What level of public subsidy for the arts and heritage is necessary and sustainable;

3.1 As a relatively small organisation this is not a question Mind the Gap can provide an evidenced answer to.

3.2 However, we can attest to the positive impact increased resources into the arts and cultural sector – including the launch of the National Lottery in 1994 – has made on our organisation. Our turnover has grown from under £100,000 in 1997, to our current turnover of £500,000 in 2010 – which we believe is the optimum size for us to develop and deliver our busy programme.

3.3 Approximately 50% of our turnover is composed of subsidies through ACE and our Local Authority (Bradford) – and the other 50% levered from other project funds (25%), private funding (10%) and earned income (15%).

3.4 To summarise our main outputs over the past year 2009/2010:

- we employ around 20 people on full or part-time basis (including learning disabled acting company)
- last year we ran 20 different projects, delivered 45 events and performances, reached live audiences of over 2,500 people, engaged 503 individuals in practical workshops, and achieved 11,600 workshop attendances
- we consult directly with our target group regularly and in ongoing ways, including our innovative IF group (Ideas Forum of young people with learning disabilities aged 19-25)
- over the past year we’ve developed a successful volunteer programme and have engaged over 20 individuals in activities in less than a year
- the associated benefits of our activities including building confidence, communication skills, decision-making, independence
- we work directly with individuals at ‘grass-roots’ and so have an in-depth understanding of the needs and interests of this community of interest
- the individuals we work with would otherwise be isolated from mainstream activities, or dependent on other public services (eg: day care and resource centres)

3.5 Mind the Gap also benefited from a £1.25m capital investment from Grants for the Arts-Capital, against which we secured a further £1m investment through ERDF and other grants and private donations.

3.6 Our award-winning custom-designed premises within the iconic Lister Mills in Bradford, at the heart of a Bradford regeneration area opened in September 2008. The positive impact on our work has been huge, and we have proactively worked to ensure that the benefits are available to the wider community.

4. Whether the current system, and structure, of funding distribution is the right one;

4.1 Again, Mind the Gap can only make a subjective answer to this question.

4.2 Our experience of working with Arts Council England in Yorkshire has been a positive one. We have been supported by knowledgeable and committed staff, and have found the systems relatively straight-forward and transparent.

4.3 While we understand and welcome the Government’s desire to streamline organisational structures and reduce bureaucracy, we believe this needs to be balanced with an approach and systems that are sufficiently knowledgeable and experienced to make strategic, informed
and swift responses and decisions.

4.4 We find the clarity and accessible communications by the Lottery distributors refreshing – even if their priorities don’t provide the best match with our charities objectives – compared, for example, with the often cumbersome, complex concepts and inaccessible language used by local authorities.

4.5 The investment made in the cultural sector since the Lottery’s inception has made the UK one of the most vibrant, progressive and successful countries in the world. We think it is highly unlikely that the Olympics and Cultural Olympiad could have been secured without the substantial investment that’s been made.

4.6 One way of reducing costs would be for ACE to free itself from its building bases, and to install instead its relationship managers amongst its clients – possibly on a rotation basis?

4.7 We believe historic funding of ‘The Big Ten’ could be reviewed. These very large organisations are allocated the lions share of subsidy … before it gets to ACE. Arguably these companies are in a better position to benefit from philanthropy and more commercial business models.

5 What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1 Mind the Gap welcomes the proposed changes to National Lottery apportionment that would mean a larger proportion of funds being invested in the arts and cultural sector.

5.2 The proposal to increase the share apportionment for arts, heritage and sport of the lottery would potentially benefit our company, and the arts sector, by increasing the amount of money available to support arts project that benefit audiences and communities. We believe that engagement in creative arts as performers, practitioners, participants and audiences is essential to a healthy society.

5.3 Mind the Gap would aim to respond positively to this change in terms of meeting previously identified priorities and projects. Increased resources for the arts sector would help support developmental and action research activity that can help ‘seed’ and act as a springboard to future work, services and activities that in turn can generate increased earned income to help improve future financial sustainability.

6 Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1 In Mind the Gap’s view, not substantially, no. G4A is a well managed funding process. We would support the removal of the requirement of RFO’s to get ACE permission to apply for lottery money (although the RFO system is already under significant review).

6.2 Having followed the development and evolution of the National Lottery distribution since its launch in 1994 it seems to us that the Lottery distributors have continuously reviewed and developed their approaches to respond to various priorities.

6.3 The process and timescale for larger bids can be quite complicated, time-consuming and extend over a long period which presents many challenges for smaller organisations (we are referring here in particular to the Big Lottery).

6.4 Obviously, as a provider of cultural opportunities we would always advocate for the largest proportion of Lottery funds that can reasonably be allocated to this sector.
7 The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

7.1 Mind the Gap is not directly affected by these changes, so cannot provide an evidenced answer to this question.

7.2 However, we believe there is considerable merit in the arguments made by other commentators that an agency like the UK Film Council provides an important advocacy role for the sector, which in turn brings inward investment, and helps promote and develop emerging talent.

7.3 The Arms Length principle is vital to ensure development of an artistic ecology free undue party political interference. The quangos go some way to ensuring that artists can be critically engaged with society. Artists provoke and disturb the status quo. This is vital for progressive change.

7.4 All sectors – including commercial sectors – require an element of ‘at risk’ investment in order to develop new ideas, processes and products that it is hoped will ultimately impact positively on mainstream processes. For example, to combat the negative affects of climate change there are currently a vast range smaller projects supported through public subsidies that are helping to find alternative solutions to carbon based processes.

7.5 Similarly, the cultural sector (including film, museums and libraries) often provide such ‘test beds’ and ‘incubator’ projects that in turn impact positively on the commercial mainstream sectors.

8 Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.1 Potentially, yes.

8.2 Many businesses already support ‘corporate social responsibility’ programmes that lead to investment in the arts – either through cash funding or in-kind support through volunteer input. Undoubtedly this could be extended and developed further.

8.3 As a small company producing non-mainstream work, we do not have a track record of support from philanthropists and / or business. We are not really “sexy” enough for many individuals / organisations. We fear that only the commercial / popular work will get supported.

8.4 Individual giving also plays an important role in supporting the arts, with many organisations running friends / memberships / donations schemes that are essential to their sustainability. There are many courses and events that provide information and guidance to help organisations maximise income from these sources.

8.5 However, it essential to take a long-term view – this cannot happen overnight.

8.6 The Government has made many references to the American model when promoting this. Other commentators have provided clear evidence that there are many important differences – in terms of political and economic systems, and the culture of “giving” – which it’s been argued would be better framed as a culture of “asking”.

8.7 In the current economic climate – when both corporate and individual budgets are tight – it is
not realistic to expect a major upturn in funding in the short or medium term.

9 Whether there need to be more Government incentives to encourage private donations.

9.1 Mind the Gap urges the Government to maintain Gift Aid. It is a very clear, accessible process for both the donor and the recipient, and is a hugely valuable source of income for the arts and cultural sector. Could this be extended or promoted more widely?

9.2 There is substantial evidence to support the case that Government / public investment in an organisation helps to attract other donations and income. People like to ‘invest in success’ – particularly when it comes to the cultural sector – and public investment helps support the case for credibility and sustainability.

August 2010
Written evidence submitted by Carousel (arts 12)

Presented by Carousel, learning disability led arts organisation working locally, regionally, nationally and internationally. Our aim is to create work that challenges perceptions of what art is and who has created it. We have developed innovative models of supporting learning disabled artists to direct, manage and develop their artistic work using a steering committee based approach.

The comments below represent the views of the organisation Carousel.

Document summary in bullet points

• Impact on learning disabled artistic community, one of the most hidden and deprived communities in the UK
• Importance of subsidy to enable this work to continue
• Difficulty in gaining philanthropic or company giving to this kind of arts work
• Specialism of our work built up over a 30 year period
• Flexible approach to devising subsidy and funding systems
• Diversity of our funding portfolio, but necessity of public funding underpinning our endeavours
• 35% of our annual income is through lottery sources
• Critical impact on Oska Bright Film Festival www.oskabright.co.uk by loss of UK Film Council subsidy
• Difficulty of accessing philanthropic giving in the regions – it is currently London-centric
• Difficulty in accessing business support/sponsorship for small learning disability arts organisations
• We have been unsuccessful in obtaining private donations, despite considerable effort and strategy implementation

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

1.i. The arts work that we support and deliver is all led by learning disabled artists and arts managers, targeted at the learning disabled community. Because of this, there is a level of support that needs to be provided to ensure that our artists can participate fully, develop their artistic and self advocacy skills, whilst having their needs met. The target audience for our work is the learning disabled community across the UK. This remains one of the most hardest to reach communities – one of the most impoverished, one of the most hidden – and the community whose voice has been consistently taken away from them. During the 30 years of our work, we have proved beyond a shadow of doubt that the arts are the most important tool to inspire change within the learning disabled community, and the wider general public – profiling their success stories, highlighting their considerable abilities and showcasing their potential to be equal and active citizens. Our success has been phenomenal, the impact reaching across the world – and clearly demonstrating the lead that the UK has taken in creating, nurturing and platforming this work.

1.ii. This work is by its nature, labour intensive and time heavy. Our arts work – performance events, festivals and workshops cannot generate income through selling our work, or charging for entry. The community we target is the poorest in the UK.
Subsidy from central and local government is necessary for this work to continue. Without subsidy, our work will cease.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

2.i. The work that we do is unique, in that it is led and delivered by learning disabled artists. There are around 10 organisations that deliver similar work to us across the UK. We all are very small, typically employing a team of part-time and freelance staff numbering between 2 and 15. Geographically, we are spread far apart across the country. We cannot think of a different way to deliver the creative arts work that minimises duplication or reduces cost – there needs to be more of us, not fewer. Demand consistently outstrips supply by around 80%.

2.ii We have developed many links and specific partnerships with mainstream organisations during the last 30 years, ensuring that our work reaches maximum potential, and encouraging learning disabled audiences and artists to move into the mainstream. The support they need to do this is specialised, with a significant time (and therefore cost) commitment.

3. What level of public subsidy for the arts and heritage is necessary and sustainable;

3.i The level of public subsidy necessarily depends on the kind of activity the organisation delivers. Many organisations like Carousel deliver activities and services to people who are marginalised and who are unable to pay.

3.ii Arts and Heritage shouldn’t be seen in isolation as involvement in the arts has the power to contribute to the health and well being of society. They give many people (particularly those excluded) the opportunity to take part, to build confidence and skills, to feel better. This can have a significant impact on other indicators like health, crime, community cohesion. The arts and heritage also has the power to transform the environment as we have seen many times through City of Culture and regeneration.

4. Whether the current system, and structure, of funding distribution is the right one;

4.i We believe that it is important to support key organisations and provide an infrastructure for the arts. However there needs to be flexibility in the funding options to ensure that support meets the needs of the arts organisations. It is important that bodies who understand and know the arts and heritage sector manage this process. We would welcome longer term funding agreements where this is appropriate to ensure that we can plan our work and funding.

4.ii Public subsidy is vital to our work. Not only does it fund the organisation as a whole and a high level of our necessary core costs, which is very unpopular to private funders it also provides a ‘badge’ for us giving confidence to private funders that we are a high quality and reputable organisation. Like many arts organisations, we receive funding from a wide variety of sources. Although we have the advantage of ‘not putting all our
eggs in one basket’ it does mean that we spend a lot of time putting together applications and reporting to funders.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.i. Currently, 35% of our annual income comes from these National Lottery sources. They are vital for our future. But the plans for the emphasis of the allocation of these funds to be on new and additional areas of work will mean that established charitable projects will find it extremely hard to maintain and develop their funding. We will all have a series of time limited, new projects that create new work and new expectations that will then not be met on the projects conclusion. There will be no sustainability, development or legacy to this. The arts and heritage sector will lose their abilities to plan for the future and will need to rely on a number of short term project funding initiatives to build fragmented portfolios of art work that do not link together. If this happens, then a cultural identity will be lost.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;

6.i. The three original lottery funding areas must be maintained:

   1. Arts and Heritage
   2. Sport
   3. Good causes

Application processes need to be straightforward and time friendly. Reporting requirements need to be standardised across all three good causes, and minimised to ensure the delivery of the work is not held up by administrative processes

7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

7.i. Our film festival – The Oska Bright International Short Film Festival (www.oskabright.co.uk) was directly funded through UK Film Council, via the Diversity Department. Reporting requirements were minimal, and the investment of these funds attracted additional support for us from across the film and broadcasting industries. The funds allocated to us from UK Film Council acted as a lever – the £15,000 per Festival awarded, levered a further £35,000 in terms of sponsorship and philanthropic giving. Without these UK Film Council funds, and the time they bought us to secure this additional funding from these other sources, our Festival can’t happen. Oska Bright remains unique across the world, and has attracted much interest, and partnership developments across Europe, Canada and Australia. It is a beacon of best practice in the arts – a feather in the cap of the UK. But without public funding, we will sink very quickly. If the organisation managing our public subsidy is undergoing change, we need to know how this will impact on us. Considerable time has been invested in developing and maintaining positive relationships with UK Film Council – if we need to build links with new public funders, the impact on us will be very large. We will, in effect, be
doubling our workload in the short term without the capacity or the resources to do this.

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.i Currently 75% of philanthropic giving takes place in London. It is also much more successful in high profile prestigious arts organisations and institutions. A number of existing philanthropists have already stated publicly that they are unable or unwilling to ‘fill the gap’ left by cuts in public funding. It seems unrealistic to depend on this stream of support particularly for small and community arts organisations working outside London.

8.ii Business sponsorship/support would, on the face of it, be a more realistic funding option. However, again it is more difficult for the smaller arts organisations to access. Partly because of the limited ‘publicity’ for businesses but also because of the amount of time that needs to be invested in securing support can be prohibitive. From our own experience there are many dead ends.

8.iii If there needs to be a transition to new streams of funding, arts and heritage organisations need to be supported and given the time to develop these new links. It is unreasonable to expect private funders to send a cheque the day after public subsidy ceases.

9. Whether there need to be more Government incentives to encourage private donations.

9.i. Yes there does. We find fundraising from these sources extremely hard. For 30 years we have been trying to develop this area, but in a good year, private donations from individuals and businesses totals 5% of our annual turnover of £250,000, in a bad year 0%. The culture of giving to the arts by learning disabled people doesn’t exist in the UK, currently. If we are to move towards relying on donations of this kind we will need support, and individuals and businesses will need considerably more incentive than they have had over the last 30 years to invest in us.

August 2010
Introduction

1. The Campaign to Protect Rural England (CPRE) welcomes the opportunity to submit evidence to the Culture, Media and Sport Committee on the funding of the arts and heritage. CPRE wants a beautiful, tranquil and diverse countryside that everyone can value and enjoy. We believe that the safeguarding of our rural historic environment is an essential part of achieving our aims as it ensures we maintain the character and uniqueness of our countryside. Sufficient funding needs to be available for ensuring this.

2. CPRE has a long history of working to support the historic environment through the planning system. We are the nation’s single largest participant in the planning system, where we have a key role as a proponent of third party rights and the wider public interest. Our network of county branches, regional and district groups, and CPRE volunteers have extensive experience of heritage protection and play an active role in local heritage protection issues, particularly those relating to rural communities and historic landscapes. A number of our branches have also been involved in heritage restoration schemes.

Summary of comments

3. Given the areas of work covered by CPRE, this response focuses solely on funding relating to heritage. As such, CPRE believes that:
   - Heritage, particularly in rural settings, is an important aspect of England’s appeal to tourists, and to remain so, requires proper funding for maintenance and conservation. Cuts of rurally focused Government departments, such as the Department for Environment Food and Rural Affairs, could impact on this.
   - The increase in Heritage Lottery Fund (HLF) money for heritage causes to 20 per cent is very positive, but we are concerned that this increase may be largely used up by increased bid costs from Places of Worship if their VAT exemption is not renewed.
   - That philanthropic giving already contributes substantially to heritage, through the maintenance of many of our heritage assets in private ownership and this contribution should not be underestimated.

Response to inquiry questions

What impact will recent, and future, spending cuts from central and local Government have on the arts and heritage at a national and local level?

4. CPRE believes that our rural heritage (for example historic landscapes and views, field patterns, hedgerows, village settings and settlement patterns, and traditions such as dry stone walling and so on) is an often overlooked aspect of our heritage, yet it is fundamental to retaining the diverse and distinctive character of the English countryside. Data from Visit Britain, published in 2009, also shows that it is a huge tourism draw, with nearly 25% of foreign tourists visiting the countryside for a walk and more than half visiting castles, churches, monuments and historic houses, many of which are rurally located and are enhanced by the quality of surrounding, often historic, landscapes.

5. We are concerned that the cuts in public expenditure in sectors covering National Parks, nature conservation and the countryside (notably budget reductions at the Department for Environment, Food and Rural Affairs and the abolition of Regional
Development Agencies) will severely affect the attractive farmed landscapes that contribute so distinctively to our rural heritage. We also feel that these cuts may put increased pressure on heritage funding bodies, through an increase of bids for projects which would previously have been covered by mainstream Government funding.

What level of public subsidy for the arts and heritage is necessary and sustainable:

- What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations

6. CPRE is delighted with the return to 20 per cent of the heritage fund for the HLF. We are concerned however that the benefits this will bring to heritage funding may be severely affected by the increase of VAT, also to 20 per cent, which will have big implications for the cost of maintenance and repairs to heritage assets. In particular, we are concerned that the Government has not yet committed to renewing the VAT exemption scheme (Listed Places of Worship Grants Scheme) when the current scheme expires in 2011, especially given that places of worship receive substantial amounts of HLF heritage grants. In response to a petition calling for a renewal of this scheme, the Government stated that:

   ‘under new proposals by the Government, the share of Lottery money going to each of the arts, heritage and sport good causes will increase to 20 per cent. The Heritage Lottery Fund is looking at how it will distribute the additional money it expects to receive as a result of the change in Lottery shares. It has said it will take account of the needs of places of worship in England, along with needs in other heritage sectors.’

7. With VAT increasing to 20 per cent, the 20 per cent increase in money to the HLF for heritage causes may be largely used up in covering the increased costs of bids, due to the lack of VAT exemptions, of projects associated with places of worship. If this is the case, the increase of HLF money dedicated to heritage would not deliver aid to an increased number of heritage projects as effectively as envisaged.

8. Given this, CPRE would like to see the VAT Exemption Scheme (Listed Places of Worship Grants Scheme) renewed following its expiry in March 2011. We also feel that repairs and maintenance for listed buildings, if not all buildings, should be exempt from VAT to bring conservation works in line with the costs on new builds, which are VAT exempt. The current system acts as a disincentive to maintain heritage assets as the costs, once VAT is added, are high. This also puts increased strain on heritage funding bodies, as conservation and repair funding has to include the costs of VAT.

   - Whether businesses and philanthropists can play a long term role in funding arts at a national and local level

9. CPRE recognises that businesses and philanthropists do, and should continue to, play an important role in funding heritage at a national and local level. Corporate and public giving should not, however, come to be relied on as economic downturns can severely affect levels of giving. For example, research by The Social Investment Consultancy in 2009, suggested that during the recent economic downturn, 60% of business leaders expected to reduce both charitable giving and the number of causes supported.

10. While levels of philanthropic giving in recessions appears not to be so severely affected, many giving for social reasons rather than personal financial reasons, the true
While recognising the role that private giving can play in supporting heritage funding, it is important, therefore, that the Government does not come to rely on this income stream as future economic stability cannot be guaranteed. Heritage, once lost, cannot be replaced so it is essential that secure Government funding is in place to ensure its conservation and continuity.

11. In considering philanthropic giving, CPRE feels it is also important that the Government recognises that many heritage assets, listed buildings in particular, are in private hands and maintained by these owners. This private ownership and maintenance already constitutes a very important aspect of philanthropy in the heritage sector. While we recognise that large scale philanthropy (for example corporate sponsorship) could contribute to aspects of heritage funding, we ask that the Government consider the type of heritage that can benefit from such giving, given that small, privately owned heritage assets are unlikely to receive funding from this quarter. It is important therefore to ensure that there is alternative funding available, or in the very least VAT exemptions on maintenance costs, in place to aid the maintenance of privately held heritage assets.

August 2010

Written evidence submitted by the Contemporary Glass Society (arts 15)

Summary

- Contemporary Glass is vibrant in Britain today, and brings an ancient tradition into our everyday lives.
- The Contemporary Glass Society (CGS) encourages excellence in glass as a creative medium and promotes the awareness and appreciation of contemporary glass worldwide.
- The CGS is one of Arts Council England’s Regularly Funded Organisations and receives funding which is essential to the existence of our organisation.
- To allow the CGS and organisations like us to continue to exist, any cuts should be kept to a minimum and spread over a number of years in order to enable us to meet the cuts and maintain and grow our services.

1. Why Contemporary Glass Matters

   a. Glass has been created by man for thousands of years: the Egyptian used the loss wax casting technique; the Romans and Persians blew glass into useful everyday vessels. Today Britain has a vibrant community of glass-makers and artists who help to enhance our everyday life through their beautiful and imaginative sculptures, architectural installations, and everyday items.

   b. The Contemporary Glass Society was funded in 1997 and is a non-profit making limited company by guarantee with dual objectives of encouraging excellence in glass as a creative medium and developing a greater awareness and appreciation of contemporary glass worldwide. Membership is by subscription and open to anyone interested in contemporary glass.

   c. The CGS struggled for many years to survive and almost disappeared in its early years. However in 2002 CGS received £20,000 ACE funding, which covered core activities and enabled a part time administrator to be employed. This funding allowed the organisation to develop and move forward. The membership has steadily grown from 170 in 2002 before funding, to over 600 in 2010 including many in Europe and across the world.

   d. Our earned income has grown from £2,000 in 2002 to £27,910 in 2010 and is increasing every year. We also regularly work with other sponsors and partners to deliver our programme. Even so, the funding we receive from ACE is absolutely essential to sustain our small workforce and core activities and develop our work into the future.

2. Annually we receive around £50,000 from ACE, this allows us to;

   a. Manage an informative website, with members’ own pages
   b. Print & distribute quarterly, well-designed & informative Newsletters illustrating work from a wealth of talented young glass makers and established masters.
c. Run a mentorship scheme

d. Offer bursaries for high quality master classes for our members

e. Run glass-making workshops in schools, offering hands on experience for children

f. Offer advice and information to artists

g. Enable regional networking meetings, again to support makers

h. Promote high quality exhibitions of contemporary glass

i. Organise bi-annual conferences

j. We currently employ two part time workers plus four contract workers.

k. The CGS supports a whole network of studios and struggling artist's as well as educational establishments.

3. Britain has an enormous amount of artistic talent that enhances everyday life. The Arts Council enables the arts to thrive, develop and contribute to the well being of the nation. It may seem dispensable but it really is not. It feeds and sustains the art community. Through production, receipts and export the arts community gives back to the government much of what it receives.

4. Any funding cuts that have to be made should be spread over several years allowing the many funded organisations to adjust and not to destroy or cripple them.

5. The arts organisations understand the need to work together and conserve resources

   a. The Contemporary Glass Society
      
      i. Shares information worldwide with the glass community

      ii. Supports artists

      iii. Supports students

      iv. Supports trade organisations connected with glass making

      v. Supports universities and arts educationalists

      vi. Encourages business sponsorship and partnerships

      vii. Promotes British Art worldwide

6. CGS could not survive without ACE funding, we help sustain a growing and thriving community of contemporary glass-makers who in turn help to make Britain a better place to live.

   August 2010
Written evidence submitted by the National Maritime Museum Cornwall (NMMC) (arts 16)

This submission is made on behalf of the National Maritime Museum Cornwall (NMMC), an independent charity which receives no regular funding from government and which, despite its name, is not an offshoot of the National Maritime Museum in Greenwich. The Museum was funded largely by the Heritage Lottery Fund, SW Regional Development Agency and private capital and opened in 2002. It is an accredited national museum and is managed by paid staff supported by a very active team of volunteers.

The inquiry is addressing nine questions to which our responses follow. They relate exclusively to the museums sector:

Q: The impact of recent and future spending cuts
   • There may be much gnashing of teeth at the national level but the underlying viability of national museums will not be an issue whereas in the regions the likelihood of closure of a number of museums will be very real indeed

Q: Working more closely together in order to reduce duplication of effort and to make economies of scale
   • There are few real initiatives that have not already been explored and even fewer crocks of gold

Q: What level of public subsidy for the arts and heritage is necessary and sustainable
   • We have had a tradition of providing public funding to support the heritage. To change this, or dramatically to reduce current levels of funding will require a major shift in structures and business models which will lead to many casualties

Q: Whether the current system, and structure, of funding distribution is the right one
   • No. It favours the DCMS-funded museums in defined urban areas who are already disproportionately advantaged, creating an uncompetitive market for other operators and organisations. The proposed changes will increase this disparity

Q: The impact of recent changes to the distribution of National Lottery funds
   • The increased proportion for the Heritage Lottery Fund is welcomed, returning the proportion to the level enjoyed before the Olympics and other projects hijacked the money

Q: Whether the policy guidelines for National Lottery funding need to be reviewed
   • This would be beneficial. The underlying issue is whether revenue funding can be provided and to what extent this breaks the principles of substitution between lottery and government expenditure

Q: The impact of recent changes to DCMS arm’s-length bodies - in particular the MLA
   • The loss of the MLA as an organisation will not matter provided some of its work continues and is managed by an organisation which understands the sector’s needs

Q: Whether business and philanthropists can play a long-term role in funding arts at a national and local level
   • They are likely to support development in secure national museums and galleries. They are unlikely to be interested in providing the essential revenue funding needed by regional museums

Q: Whether there need to be more Government incentives to encourage private donations

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1 There are two definitions of national: National Accreditation is assessed by the MLA. Throughout the rest of the paper, the word ‘national’ is used to describe those museums funded by DCMS whether, in their terms ‘national’ or ‘non-national’. This is naturally confusing for all
Gift Aid already provides an incentive which benefits the charitable institution. There is scope for more imaginative application of the this, both for the highest rate tax-payers and to support regional priorities.

We note three phrases recently used by Ministers:

- ‘Abolishing the Museums, Libraries and Archives Council in order to focus efforts on front-line, essential services and ensure greater value for money’.\(^2\)
- ‘Tough times, difficult decisions, fresh thinking’\(^3\)
- Tourism is ‘… fundamental to rebuilding and rebalancing our economy.’ We need to ‘.. make the most of it not just here in London but right across the country.’\(^4\)

1 The funding of museums

Funding for museums is currently a patchwork. All major and medium-sized museums require some form of revenue funding. This mainly comes in the form of grant-in-aid from central government - either directly or through the armed forces, universities etc - or from local authorities. Medium and small museums, frequently covering local or specialist subjects, survive on a combination of over-stretched endowment funds and largely volunteer labour.

Development funding comes from central and local government, Lottery funds - especially the Heritage Lottery Fund – sponsorship, patronage and earned income.

The national museums are particularly privileged as they are funded to support their existence, free admission and much of their development. The metropolitan ones are well-placed to attract additional funding because of their high footfalls and powerful media who are able to provide sponsors with the oxygen of publicity they crave. Donors, as opposed to sponsors, are also more likely to contribute to a high-profile national museum whose future is assured than to a regional or independent museum. Metropolitan museums are often able to tap into free, or low cost, travel for educational groups.

The larger a museum’s grant the more it can do. The nationals have been able to put on major exhibitions and re-develop permanent galleries to standards which regional museums can only dream about. This raises the bar for customers’ expectations at less-fortunate museums.

A regional museum, perhaps supported by a local authority grant, is correspondingly disadvantaged. Its income has tended to go into funding its existence and providing free admission, leaving limited funds available for development.

The DCMS and MLA have worked to rectify this disparity in recent years through programmes such as Designation and Renaissance in the Regions. The latter was designed to do what its name says: to help to improve standards in non-national museums through development and improvements to systems behind the scenes. Unfortunately it encouraged some Renaissance hub museums to adopt unsustainable business models and/or to increase their core running costs.

\(^2\) DCMS website: Review of Arm’s Length Bodies
\(^3\) DCMS website: Ed Vaizey blog
\(^4\) Prime Minister’s speech on Tourism 12 August 2010
Non-hub museums were left to fend for themselves, competing as best they could. The NMMC was unable to bid to become a Renaissance hub museum not only because a close neighbour was already a hub but because it opened after the scheme started. It was also unable to apply for Designation for its collection of boats as these are still formally owned by NMM Greenwich.

The Heritage Lottery Fund has been a useful source of funding for development and acquisitions but their resources have been squeezed in recent years as money has been syphoned off for the Olympics and other purposes.

Museums have high fixed costs. Each extra visitor at a charging museum is net income straight to the bottom line, making the difference between profit and loss. Each museum will have its own funding model, derived over the years, which is in delicate balance. These are very sensitive to small changes which have far-reaching consequences.

Seen from above, the big picture of museum funding is a mess: a relic of historical decisions, a postcode lottery and thus socially divisive. The pattern of grant funding has skewed the market, squeezing out private sector initiative and undermining the business models of museums, like the NMMC, that do not have access to these funding streams. The most glaring anomaly has been the provision of free admission.

2 Free admission

Free admission skews the market for other operators making it effectively impossible for the private sector, or for bodies without revenue funding, to compete. Most large and medium-sized museums offer free admission, arguing educational benefit, and funding this from grant aid. In the case of the nationals, two further arguments are advanced: that the objects have been purchased with tax-payers’ money and that it allows those tax-payers access to ‘their’ collections and that the museums attract a large number of overseas tourists to the UK.

The argument about ‘national collections’ does not stand up as the nationally-funded collections are actually distributed throughout museums across the country and not just in the national museums and by no means all the nationals’ collections were purchased through taxes.

The tourism argument is particularly thin. National museums and galleries such as the Louvre, Uffizi, Rijksmuseum or Prado all charge for admission and yet these cities do not markedly lack foreign tourists. We are accustomed to paying for admission to such places when overseas and yet expect the British Museum to be free in order to attract tourists (to London which already attracts over 50% of the UK’s overseas tourists). Of course, the higher the proportion of foreign tourists at the British Museum, the less credible the argument for allowing tax-payers access to their collections.

The tourism argument breaks down completely at other national museums such as Arbeia Roman Fort (Tyne and Wear Museums) which is little different from an admission-charging English Heritage Roman fort or privately run site (Vindolanda) a few miles away; at the National Football Museum, at the National Coal Mining Museum or even at metropolitan galleries such as the Horniman. All are funded by DCMS to provide free admission.
Strangely it does not appear to apply in other areas of high tourism such as Cornwall where the level of overseas tourism is small but growing. Here a visitor is expected to pay admission to Tate St Ives, ostensibly a national museum, and to NMMC which bears the name of a national but is not nationally-funded.

The unfairness of the scheme is further highlighted by the fact that the Tate Liverpool is free since it operates in an non-competitive market since the other Museums and Galleries on Merseyside are free while its sister in St Ives charges admission because it competes in a more ‘natural’ market.

While free admission to national museums is politically sensitive and was specifically included in the Coalition Agreement, it remains an underlying thorn in the flesh when trying to establish a vibrant and sustainable museum industry in this country and is an opportunity for fresh thinking.

3 Loss of the quangos

Two main quangos impact the work of this Museum: the MLA and the National Historic Ships. The first is to be abolished; the second de-classified, whatever that may mean.

The abolition of the MLA per se is likely to be neutral if its work is to continue. Its policy work could well be transferred to any new body that understood the needs of museums. There is an obvious danger of mission-creep in a new organisation which would not be welcomed by museums generally.

The reduction in funding for Renaissance and other grant programmes is going to be felt most acutely by regional museums. They are likely to turn to local authorities for further support but as the provision of museum services is not a core function for them, and as their budgets are also under pressure, the impact is likely to be devastating, especially for those that have relied on Renaissance money to provide revenue support. It is therefore likely that a number of these museums will close. The tragedy is that these museums are the engines for local tourism and the impact will therefore be felt by other tourism businesses such as accommodation providers.

The National Historic Ships is an altogether smaller organisation but one that has made great strides in recent years and the NMMC has worked closely with them. It would be a great shame if its work were to disappear or be diminished as its work helps to inform other funding decisions and it plays a central and specialist role in protecting the nation’s historic fleet. The NMMC has been running an analogous database - the National Small Boat Register – for a number of years using volunteer labour, exactly as envisaged by the ‘Big Society’ but this has only been possible because the Museum has provided the facilities and equipment free of charge.

4 Could museums cut costs or be more efficient?

It is difficult to see what more can be done to reduce duplication or make economies of scale. The majority of small and medium-sized museums have been exploring such solutions for years, working in partnership where objectives overlap, and saving money to fund new developments. The NMMC is part of a well-developed network of museums and galleries in
Cornwall sharing professional, administrative and administrative advice and services, created without outside support.

There may be opportunities to combine organisations in the regions but the cost savings are likely to be relatively slight compared with the levels of need and there is always a risk of creating a greater degree of bureaucracy.

Much has been made about the need to be entrepreneurial and to attract additional sponsorship. The majority of museums have long been aware of the need to raise funding from novel sources. If this were easy they would already have set projects in place. There are some case studies where, for example, freedom from direct council control and transfer of a museum into a charitable trust has brought new freedoms but these are the exceptions rather than the rule and will need to be dealt with on a case-by-case basis.

The opportunities to attract major sponsorship outside metropolitan areas are very limited as suggested above (see para 1).

Museums are, by their nature, bureaucratic. In an effort to improve general management standards and procedures, the MLA created the Accreditation scheme. Our view was that this not a generally helpful experience as it concentrated on procedures and trespassed well outside its areas of competence or understanding, encouraging an inward-looking focus on paper-based systems at the expense of good management. Recent announcements have said that the scheme will continue. This does not suggest that fresh thinking is being applied or that money is to be directed into front-line services. As such, it does nothing to support innovation or ensure greater value for money.

Recent media coverage of disposals from museum collections have highlighted what a torturous and contentious process this can be. Meanwhile, stores up and down the country are full of un-displayed objects, costing money. Some work is being done on disposals but it is several orders of magnitude adrift of where it should be.

It is suggested that regional museums should work with nationals to help unlock some of their collections. This sounds easy but it simply emphasises the disparity in funding and approach. In recent weeks, one national museum and two Renaissance museums have refused even to consider the loan of any object to this museum until 2012; another is setting standards which would require over £2,000 for the transport of a stuffed penguin for an exhibition. Encouragement to co-operate is all very well but national museum standards are showing no sign of relaxation; if anything they are getting more restrictive.

If fresh thinking is required then a more active debate about rationalisation and disposals is an obvious candidate, and a much more flexible approach to inter-museum loans, despite the entrenched objections that will be raised by the museums’ industry.

Could museums raise additional funds?

Museums face a bleak future as their first priority has to be revenue funding. Sponsors and donors are generally not interested in providing long-term revenue funding. Their interest is in new and developmental projects.

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5 Museums Journal: Royal Cornwall Museum sale of two pictures. BBC Newsnight 8 July 2010
Lottery distributors have not been permitted to provide revenue funding and this principle has helped to avoid substitution of government expenditure, a key tenet of the Lottery as a whole. They tread a difficult tightrope. Funding for objects encourages a degree of inflation in the market which devalues museums’ own purchase budgets.

Lottery funders are able to provide matching funds for development projects although sponsorship remains difficult in the regions for the reasons outlined above.

We naturally welcome the re-balancing of Lottery funding post-Olympics however, we sound a note of caution. Lottery funding for new museums or attractions should, where possible, be reined in. There have been too many examples of new museums, visitor attractions or heritage centres, this one included, where money has been provided against unrealistic and unsustainable business plans. It may appear attractive and exciting to fund a new facility but the risk involved in investing in a speculative business plan for a new establishment is much greater than in helping to solve the problems of existing museums who have experience and for whom data is available. This might be reflected in policy guidelines.

We also wonder whether there is scope for allowing the Lottery bodies to provide a degree of revenue funding for some establishments even though this breaks existing rules. Better to support existing museums and keep them open and supporting tourism and their local communities than to see them close and know that the remaining ones are able to mount glossy new exhibitions or buy additional objects.

6 A summary of some of the options mentioned

- End free admission to national museums and re-distribute funds to the regions where it could provide much better value for money as smaller museums tend to lighter on their feet, encouraged by the necessity of being market-driven and customer-focused
- Encourage the nationals to make better use of their accumulated reserves
- Allow the Heritage Lottery Fund to provide revenue funding to selective museums
- Amend Gift Aid to provide greater incentives to high net-worth individuals
- Radically revise the Accreditation scheme to create a ‘light touch’ version, transferring it to the Museums Association
- Channel the Renaissance in the Regions money more effectively, and as a less target-driven scheme, to a wider range of regional museums
- Distribute any funds released to support regional museums in the front line

August 2010
1. Introduction and Summary

1.1 Introduction to South East Dance and the South East region

1.1.1 South East Dance (SED) is the national development agency for dance in South East England. Our mission is to ensure a thriving ecology for dance in the South East, enhancing conditions for more, bolder and better dance. We aim to raise the profile of dance and work with partners within and beyond the region to achieve this. Artists and audiences are at the heart of all we do. Our aims are:

- To increase access to dance
- To increase participation in dance
- To raise the profile of dance
- To provide artistic and strategic leadership for dance
- To encourage learning and workforce development in dance
- To operate an effective dance organisation

1.1.2 During 2009/10, despite entering a period of organisational and artistic review where activity was reduced, SED reached 15929 people through its live and recorded work. In addition it engaged 246 professional artists whilst providing 1220 volunteering opportunities for young people. In the same year our film programme Forward Motion was presented in 12 countries securing 109 screenings and audiences of 4689 whilst raising the international profile and cultural capital of British arts work.

1.1.3 Achieving this level of activity would prove impossible without revenue funding distributed from central and local government by our core funders Arts Council England and Brighton & Hove City Council.

1.1.4 The South East region currently encompasses 19 county and unitary authorities and 55 districts. It is the third largest of the 9 English regions and is the most heavily populated with the highest percentage of inhabitants born out of the UK second only to London. The population of the region is growing faster than any other region, with a large percentage projected to be above the age of 50 by 2020. 80% of the region is classified as rural. Whilst the South East is perceived to be an affluent region, it also has pockets of deprivation with some of the most deprived areas in England within Brighton & Hove, Hastings, Southampton and Medway.

1.2 Summary of response to DCMS Inquiry

- Any spending cuts from central and local government will equate to less front line arts activity
- A mixed financial model, including central and local government investment, is essential in order to sustain the arts
- A carefully phased approach to central and local government cuts will be essential in order to avoid killing front line arts activity
- Many arts organisations are very effectively streamlined and therefore whilst some work can be done to develop shared services, the potential savings in this area are limited
- Arts organisations are not a homogenous group and therefore no one funding programme will fit all.
- The arts sector welcomes an Increase in lottery funds, however it should not be seen as an opportunity to reduce revenue funding provided by central and local government which is needed to ensure longer term stability and lever funding from other sources
Businesses and philanthropists can have an important role to play as part of a mixed financial model, however more should be done to encourage investment to organisations beyond London.

2 Response to DCMS Committee Inquiry Questions

2.1 What impact recent, and future, will spending cuts from central and local Government have on the arts and heritage at a national and local level?

2.1.1 Less funding from central and local government will directly equate to less arts activity. This will result in fewer people engaging or experiencing the arts.

2.1.2 The mixed financial model for arts organisations in England has been central to its success. Using public investment to lever private investment or commercial return is essential to the arts ecology. In the event of significant cuts from central and local government, arts organisations such as SED could be forced to operate entirely as commercial concerns. Whilst SED recognises the opportunities presented by its commercial ventures, reliance on one sole model could place the organisation in a vulnerable position.

2.1.3 By operating as a commercial concern SED would be forced to provide arts experiences solely to those that could afford them. During summer 2010 SED worked in partnership with 6 sub regional hubs to provide strategic and artistic leadership in the delivery of Big Dance. The project provided free opportunities for over 8000 people to engage with dance regardless of age, ability, economic background etc. A reduction in funding from central and local government would make this project impossible to deliver.

2.1.4 Nationally, cuts will jeopardise the UK’s thriving, world-class arts scene. Relatively small amounts of public funding stimulate a creative mixed economy which accounted for 2 million jobs and £16.6 billion of exports in 2007. For every £1 that the Arts Council invests, an additional £2 is generated from private and commercial sources.

2.1.5 Additionally, cuts will impact on the tourism industry, on regeneration and on the development of a cohesive and engaged society. Arts and culture are central to tourism in the UK, worth £86 billion in 2007. Inbound tourism is a vital export earner for the UK economy, worth £16.3 billion to the UK economy in 2008.

2.1.6 Cuts at any level will have an impact on the development and delivery of the arts in the UK. However a phased approach would ensure organisations have an opportunity to plan more effectively for the future and protect the ongoing delivery of frontline arts activity.

2.2 What could arts organisations do to work more closely together in order to reduce duplication of effort and to make economies of scale?

2.2.1 In 2009/10 SED undertook an artistic and organisational review in order to ensure that front line arts activity was provided to the best of its ability and with the most effective use of resources. During this process it reduced its core operational costs by 25% resulting in increased funds of over £100,000 being redirected to its programme of activity. SED is now as operationally streamlined as possible with administrative functions working to capacity in order to deliver activity.

2.2.2 In light of the process outlined in section 2.2.1 above, the benefits of shared services for SED would be limited. In order for this to be a useful exercise it would need to reduce its own activity, thus providing fewer opportunities for the public to engage with arts activity.
2.2.3 Arts organisations cannot be considered as a homogenous group. Each organisation has different operating models, financial models, activity plans, communication needs and resource needs. The notion of shared services and economies of scale in this landscape is complex. Whilst SED is actively exploring possibilities for shared services with other organisations, it believes the financial return would at best be limited.

2.3 What level of public subsidy for the arts and heritage is necessary and sustainable?

2.3.1 SED urges the committee to be mindful that arts organisations are not a homogenous group. The optimum level of public subsidy will differ in response to a number of variables that might include; national profile, geographic base, art form focus, building/non building based. In addition activity will impact on level of subsidy. For example projects engaging ‘hard to reach’ young people are more labour intensive and expensive, but may be more valuable to society than working with those who can afford to contribute.

2.3.2 SED is committed to moving towards a ratio of 50% public subsidy. In the past it has secured £1 investment for every £1 of public funds (revenue and lottery). SED does not have a building and as such it can be flexible and fleet of foot as an organisation, responding to opportunity and demand as it arises. However, with this it loses potential to generate commercial income from dance classes, studio hire etc. SED is currently moving towards becoming a building based organisation and hoping to reduce its ratio of public subsidy to 30%.

2.4 Is the current system, and structure, of funding distribution the right one?

2.4.1 The current system of funding based on demonstration of artistic excellence, partner support, public benefit etc. with a mixed economy financial model works well for SED. We currently benefit from fixed term funding for a period of three years from Arts Council England and Brighton and Hove City Council. This enables us to act strategically and lever additional funds to work across the region with local partners. SED believes it is essential that any future model should provide the support for organisations to lay the foundations for long term plans and that a minimum of three years funding is required to realise this.

2.4.2 The current system has national, regional and strategic art form overviews built in. If this is lost (for example, funding becomes localised), strategic development could suffer, and funding could become less cost-effective.

2.5 What impact will recent changes to the distribution of National Lottery funds have on arts and heritage organisations?

2.5.1 SED welcomes the proposed increase in the percentage of National Lottery to the arts through subsection (3) (a) to 20%. Lottery funding has been central to our development as an organisation, often providing an injection when the organisation was entering a period of substantial/strategic change. Although we are not reliant on lottery funds, they have been increasingly important in adding value to our core programme, in turn having had a direct correlation to our ability to increase participation, enhance partnership working etc.

2.5.2 On behalf of a number of organisations we support who are reliant on lottery funding, we feel certain that this increased allocation will be welcome. Competition is currently incredibly fierce for funding, resulting in many high quality applications being rejected on the grounds of insufficient funds.

2.5.3 SED remains concerned that the proposed increase in lottery funding to the arts could be seen as an opportunity to reduce/replace revenue funding. Currently arts organisations are also facing cuts in
funding from other public sources as well as increased competition for funding from other key sources such as trusts and foundations.

2.5.4 SED believes it to be entirely inappropriate to consider lottery funds as an alternative to revenue funds which provide organisations with an opportunity to plan strategically for the long term. There is a real danger that arts organisations’ strategic position and contribution to the arts would be weakened and they would be forced towards short-term projects if reliant on lottery funding.

2.6 Do policy guidelines for National Lottery funding need to be reviewed?

2.6.1 The criteria for lottery funds allocated to the arts are somewhat inflexible. If the criteria were to be reconsidered to include funding for extended periods of time or for core resource needs, this too would be a positive outcome of increased lottery funds.

2.7 Can businesses and philanthropists play a long-term role in funding arts at a national and local level?

2.7.1 SED believes that businesses and philanthropists can play a role in long term funding for the arts as part of a mixed financial model. However, this will mean a cultural shift which will take time and encouragement to develop. This funding will also need to be one income stream within a diverse income range, as reliance on one sole financial model would place the arts in a vulnerable position.

2.7.2 SED remains concerned that currently 70% of private investment is directed to the larger London-based arts organisations. If we develop a model that is more reliant on private investment, there is a danger the arts will become increasingly more centralised at the expense of regional arts provision. Similarly, investment opportunities are greatest for those organisations which offer high-profile corporate entertainment and marketing opportunities, meaning support for small to medium size operations would be less appealing. Those working at the cutting edge, within the community settings and supporting emerging artists are likely to find it far harder to secure investment.

2.7.3 SED would welcome the opportunity to engage with any initiatives that supported learning between arts organisations and businesses/philanthropists in order to increase investment to regional and local arts organisations.

2.7.4 SED believes that in a time of recession, support for smaller organisations from businesses and philanthropists is unlikely to materialise at the same rate as proposed central and local government cuts. To focus entirely in supporting the arts in this manner would be a flawed and high risk strategy that could result in irreparable damage to the arts.

2.8 Is there a need for more Government incentives to encourage private donations?

2.8.1 SED would welcome more Government incentives to encourage private donations. It considers this to be essential to exploit a mixed funding model where businesses and philanthropists have an increased presence.

August 2010
Written evidence submitted by Robin Jacob (arts 18)

With reference to the ongoing discussion about the UK Film Council. Below are my suggestions which are now being publicized.

The recent news of the intended demise of the UK Film Council is well overdue. It is an ineffectual organization populated by, with the exception of Tim Bevin (recent recruit) clueless individuals earning ridiculous sums of money. Now there are some that will herald a few successes as champions of the UK film industry but the successes are too few and far between to make any difference to the industry.

The question now arises what will replace it, what will the replacement organization contribute to the British Film Industry, which to frank is and has been in a shambles for decades.

Again, too many focus on one aspect of the industry and do not wish or have the capacity to grasp the BIG PICTURE. The core problem in the UK is the attitude of banks, hedge funds, financial institutions, etc towards film investment; they regard the film industry as a losing proposition, and quite honestly have little or no real experience in it. So when they do get involved they behave in the time honoured fashion of screwing the film makers, and attaching themselves to the perceived industry leaders who are as much responsible for the demise of the UK film industry as the banks, government and talent agents.

A new approach is needed, one that acknowledges the need for government assistance, especially at the early stage of development, script, budgeting, locations, etc. and the involvement of the private sector or ‘High Net Worth Individual’ as the source of major funding. What shape would the government entity take and who would run it? Well, ‘Film UK’ would be an appropriate title; it should be run by film makers with good legal and accounting support. Where would its funding come from? At the moment the lottery fund is the main source however, I would propose that ‘bums on seats’ should be the main funding source. A percentage of all income from Theatre ticket sales should go to Film UK. VAT is currently at 17.5%, 5% should go to the Film UK, 12.5% to the government. In 2008 theatre income was £850M, the 5% VAT would mean approximately £36M in funding. A similar approach for DVDs would contribute another £62M to the coffers. The total available would be £98M P/A on average. A similar approach to other delivery formats might net another £30-40M. (I believe the Lottery money should go to other causes, medical research, etc.)

The question is then just how many people do you need to run Film UK approximately 10 experienced professionals plus legal & accounting and no one gets a salary of more than £80K P/A.

The second phase of the new approach is to create an environment where investors can garner tax relief on their investment in a feature movie. This involves the co-operation of Companies House and HMRC. A new classification of company should be installed, ‘Film Public Limited Company’. It is only for films or documentaries of no less than 80 minutes in length. The minimum capitalization should be £10K and the shares should be split into two entities - foundation shares, ‘A’ shares belonging to the owners of the intellectual copyright of the film and ‘B’ shares, the investors. B share investors would be able to get 30% tax break on all money invested in a film project (minimum buy in £1,000) on the year of investment. If they sell the shares within 3 years they would pay capital gains on any profit made. No capital gains to pay if they sold the shares after 3 years. Companies’ house would issue a special film company number and HMRC would issue their own special tax number showing that any investor buying shares in the company can claim tax back in the appropriate year. Once all funds have been raised the project is closed to funding and on completion HMRC must receive audited accounts.
DVD of the finished project, etc. There should be no limit on how many or how much an investor can put into a film(s) projects.

The combination of increased funding available for development through the Film UK and the opportunity for investors to garner a tax relief on investment would increase the number of film projects undertaken but moreover it would give the film maker the control of the funding and take it away from certain film funds that have abused the tax system, screwed a number of HNWI and most of all screwed the film makers who have often had to give away the rights to the product just to get it made.

The added bonus is that if you shoot in the UK there is a UK VAT tax rebate on all UK spend be it talent, location, etc. This incentive should remain in place.

The real idea here is to generate more UK made movies, which in turn gives the UK more films to sell overseas where the real money is. It will generate employment, encourage young and first time film makers, hopefully also allow more on the job training and create more tax payers

*August 2010*
sporta emphasises the benefits of providing cultural services in mixed-use leisure facilities run by social enterprises at the heart of communities. We urge support this provision and encouragement for its further imaginative development through policies at national and local level.

1. sporta is the national association which represents over 100 not-for-profit organisations and social enterprises across Great Britain. Our members run sporting and cultural facilities mostly under long-term contracts with local authorities, and many also deliver additional community services. In total we operate some 900 facilities serving 210 million user visits per year and employ approximately 26,000 staff.

2. sporta welcomes this inquiry. Our submission on the issues which are raised by the Committee is focussed especially on the need to recognise the role of cultural provision and services delivered to communities by sporta members which are sometimes not seen as within the definition of "arts organisations."

3. A few sporta organisations manage regular arts and cultural venues which stand alone as part of their portfolios - theatres and museums for example. Many others provide regular and community-based cultural services in multi-purpose centres, and these services increasingly cover a wide and eclectic range.

4. Our members believe that this broad basis of provision has many benefits:
   - for young people especially it washes away what is sometimes an artificial distinction, in their minds at least, between "sport and recreation" and "arts and culture." This obviously arises in dance, but there are other areas too, including various forms of youth/alternative culture. And this is not confined to young people - elderly people can enjoy a range of active and creative pursuits which are not easily categorised, some new and some which are traditional to their communities, perhaps even things revived from their younger lives.
   - at the same time provision in sporta centres can help increase participation in more than one activity. For example, a person who attends a centre for swimming or fitness may be introduced to and find it easier to join in with a cultural activity which is run in the same place, and which they might not have otherwise considered if it required visiting an "arts" establishment. And of course this can work the other way - people visiting a centre for a more cultural experience can persuade themselves more readily to take up exercise or a sport.
   - cultural activities provided in this way are additionally more open to local community choice, not provider choice.
   - delivery through one local social enterprise structure improves cost-effectiveness.

5. When he recently opened a new sporta facility in Rochdale Sir Steve Redgrave said: "The new Middleton Arena is fantastic and there's a real buzz here. I really like the way the arena incorporates sport, arts and entertainment in one place."

6. The current need for expenditure cuts are of course going to inflict some damage on the ability of sporta members to provide cultural services to their communities - this is likely to be both in the straightforward loss of resources and in the tendency for local authorities to prioritise price over quality and value for money in serving local community needs. Also the dismantling or reduction in some national machinery, including that of the MLA, will detract from their ability to link in with national programmes. However, we hope that the greater emphasis on local and user-base choice will be an opportunity.
7. The vital need is for national government to maintain programmes and policies which encourage participation in the arts and culture at community level and which is accessible to a broad range of people in communities in all areas of the country – including those who not easily able to reach major national institutions.

8. Lottery and Exchequer grant funding should not be diverted excessively to the major institutions but instead be applied fairly and more imaginatively to support local provision.

9. National programmes to facilitate philanthropy should include a focus on support for a wide range of community cultural provision.

10. Local authorities who have not chosen the sporta model should be encouraged to consider this as a cost effective community-based way of delivering local cultural services, and the benefits of this model should be protected.

11. Local authorities should also be encouraged to give reasonable priority to community based culture which can have even greater beneficial impacts at times of social and personal stress.

12. sporta is available to talk constructively with government and others about how to maintain and improve local cultural services and would welcome the Committee's support for our objectives.

August 2010
Written evidence submitted by North East Regional Renaissance Board (arts 21)

- What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

Investment in museums through the Renaissance programme and other funding, particularly from local government, has led to unprecedented levels of people engaging with museums, an increase in visitor numbers and a more diverse audience for museums. This investment has also changed the nature of engagement with museums from simply a passive visit to an interactive experience which, evidence shows, contributes to learning and personal development and to health and wellbeing, with individual benefits also being realised at community level. Conversely a reduction in investment will threaten this. Whilst some of the legacy of what museums have achieved will last for a short while, its effect will be limited if activities and programmes cannot be sustained. Museums provide good value for the investment made by the public sector but reductions in funding could disproportionately impact on outputs and outcomes.

Our experience in the North East of England is that Renaissance and related museum activities have not only helped to change lives but have also had strong economic benefits, in particular through playing a key role in the tourism infrastructure (Heritage Tourism being one of North East England’s most significant drivers). We have also significantly developed opportunities for volunteers to contribute (including developing their employability skills), as well as really working to engage people with their museums through consultation, co-production and involvement of communities in programming and management.

It is worth pointing out that investment has also allowed museums to increase staff capacity and with it knowledge and an increased ability to engage with audiences at a higher level in terms of public engagement initiatives, and collections expertise etc. Public confidence in museums has grown as a result.

Renaissance investment in particular has also helped raise standards of collections care. The Bowes is a good example of this; Renaissance has assisted with the expansion of our conservation department and related activities, consequently our knowledge and confidence in dealing object movement and collections care issues. It has also made us more able to support other museums in the region through advice etc.

Cuts will inevitably impinge on our ability to maintain standards and we will feel the loss of expertise through lack of staff capacity. More severe cuts may indeed lead to the loss of some museums completely and with them the huge benefits that they bring to communities and the economy.

- What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

Museums in the North East already work closely together, for example collaborating on projects such as creative apprentices, and on outreach activities. The North East Hub is led by Tyne & Wear Archives & Museums, already a ‘federation’ of 5 district councils and a university to provide good value in delivery of museum services. Museums in Tees Valley are currently looking at how they can work more closely together whilst in Northumberland Woodhorn, Berwick and Tynedale museums have come together within an independent trust to deliver a more efficient service. Bringing together services across domains must also be considered as has been achieved at Woodhorn and TWAM bringing together museum and archive services.
NERMH initiatives such as Core Skills, the NECCF and Curatorial Needs programmes are surely excellent examples of working together as a sector to make the most of skills sharing and dissemination to the whole region through training and support networks. The hub has developed a number of specialist posts which work across organisations to raise standards and develop best practice, demonstrating economies of scale through partnership and joint co-operation.

- What level of public subsidy for the arts and heritage is necessary and sustainable;

It is important that there is a plural economy. Beamish, the Living Museum of the North, for example, runs its core operations on the funding it can generate itself but has enhanced, in particular, its learning and outreach work with public funding. At TWAM the outreach and inclusion work which has led to the very strong involvement of non-traditional audiences has been funded through the Renaissance programme. We have demonstrated in the North East that public funding for museums should be seen as an investment rather than subsidy, for example in areas such as skills development, tackling worklessness through volunteering and creating positive activities for young people.

- Whether the current system, and structure, of funding distribution is the right one;

Whilst government will naturally wish to set the agenda for the direction of funding, what is important to museums is that this funding can be delivered with the minimum of bureaucracy, that its purpose is transparent, and that it is granted for a reasonable period of time (at least 2-3 years) and that there is sufficient notice (at least 6 months) as one programme comes to an end of what future programmes will be. There remain some imbalances in public funding between museums and with other parts of the cultural sector around the mix of local and national government investment. Many museums are reliant on local authority funding as their sole public revenue funder with little or no access to other areas (unlike eg many arts organizations who receive revenue funds from ACE and local authorities).

- What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

The changes to both the Heritage Lottery and Arts Lottery will be beneficial for museums, supporting both smaller grants and some larger grants – although many museums have had significant capital investment there are still a number of capital projects which, with lottery and other investment, could produce significant benefits for jobs, for tourism, for lifelong learning and for quality of life.

- Whether the policy guidelines for National Lottery funding need to be reviewed;

It is believed that there is scope to review these particularly in light of the fact that the lottery distributors now have much more experience of the sort of projects which do come forward. There opportunity to reconsider the prohibition on soliciting projects. Equally flexibility over some rules could significantly help some projects.

It is hoped that in future there can be a more joined up approach between lottery distributors. For example, Arts and Heritage lottery distributors tend to have good knowledge of local/regional issues and strong relationships with local authorities.
and agencies and to ensure that arts and heritage projects that they fit align with local priorities. Where Big Lottery is awarding grants that relate to arts or heritage it would be advantageous if they could access the knowledge of the other distributors.

- The impact of recent changes to DCMS arm’s-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

The key concern which museums in the North East have expressed is the loss of the high quality regional support which has been provided by Directors of Engagement and their teams. It is clear that many functions of MLA will need to continue (Government Indemnity; Acceptance in lieu; accreditation etc). Who takes them on is more difficult to determine. The Renaissance programme must continue to build on the achievements of museums in the region, both within and without the Hub, and we need a straightforward and effective way of delivering the funding and monitoring for this. It is also very important that the museum development function continues to be delivered to support regional museums. In the North East this works successfully with the Museum Development Officer working within the regional Renaissance team and working closely alongside MLA officers.

We believe that is essential that there is a clear structure for the ongoing delivery of Renaissance as soon as possible. This is particularly important in the light of the current pressures on public sector budgets.

In the North east we already have two major mergers of museums and archives services (Tyne and Wear and Northumberland). We would therefore have a particular interest and perspective on how those functions of MLA should continue to interact in the future.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

Museums in the North East already work hard to engage businesses and philanthropist, TWAM has just established a new fundraising trust outside local authority control which is led by business people and will actively fundraise for the museums and archives.

In the North East however, there is a comparative shortfall in the number of high net worth individuals with disposable assets (amongst the wealthier people much investment is tied up in fixed assets) and of head offices or large regional firms where the decision on sponsorship is made locally. This significantly reduces our ability for this type of fundraising. It is particularly difficult to develop philanthropic funding to support revenue costs.

One additional concern is where individuals or organisations donate objects or collections which have ongoing ‘maintenance’ or care costs. A framework which promoted the idea of endowments for care of collections alongside the donation of collections could be of interest.

- Whether there need to be more Government incentives to encourage private donations.
Increased tax incentives focused on encouraging philanthropy in this area would be welcome. Specific government initiatives to support the engagement of businesses with culture are also important. It is important that this work goes beyond the ‘easy win’ of encouraging business, for example, to hire paintings for board room walls. Valuable as that is, there is much more that business and culture have to offer to each other.

August 2010
1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

1.1 There are concerns that scale of the cuts will cause problems for the museum sector and will undermine the gains of the last 10 years.

1.2 Many museums in Northamptonshire are run by volunteers and the independent sector. Support provided by REM has been vital to help these organisations to grow and develop professionally and address sustainability and business development issues as well as improving access to their services and collections. Cuts to Renaissance or future funding for the regions museums would impair this development. Through REM museums and heritage have developed stronger links with the tourism sector and heritage has been recognised as important. This needs to continue to be developed and cuts could damage this.

1.3 Many of these organisations are a focus for community volunteering and participation. As a result of REM support many organisations are now in a position to lever further funding into the county from HLF (This is evidenced by a current increase in applications being developed in the county) and other charitable organisations. Cuts would impair this development.

1.4 There are two museum services run by local authorities in Northamptonshire and one developing service. Pressure on LA budgets could cause cuts to services including shorter opening hours and less programming. LA are also not filling vacancies whilst cutting back on education activities and programming which can lead to a lack of expertise in developing museum services at a point when strategic direction is so important.

1.5 In a time of economic recession museums can offer accessible safe opportunities for activity by individuals. Places of art and creativity are nourishment for the spirit and encouragement for everyone in times of adversity; these are vital components for tourism, the economy, quality of life, cultural creativity and personal well-being. In the current climate especially, museums, libraries and other cultural services are at significant risk.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

2.1 Many museums across the county already work closely together through organisations such as the Northamptonshire Museums Forum and on an individual basis. Organisations are also brought together on joint work through the Heritage Framework led by the county council. There is further scope for organisations to work together, however this will require facilitation and support to encourage this to take place particularly as organisations across the county are structured and funded in many different ways, and some may be run by volunteers while others run by paid staff.

2.3 There is a need for museums to work more closely with other cultural bodies such as arts, libraries and heritage particularly around provision of learning services to provide a more joined-up approach.

2.4 There is a need for stronger tourism support for museums and heritage.

3. What level of public subsidy for the arts and heritage is necessary and sustainable;

3.1 The arts and heritage currently receive a very small subsidy from government compared to funding from other sectors. This small subsidy generates substantial gain through tourism and
arts industry. There are also gains in the community through participation and volunteering, and opportunities for vulnerable people. In the museum sector in Northamptonshire this small subsidy through renaissance supports the voluntary museum sector including over 3000 volunteers and wider than this, the local community.

3.3 Museums will require a mix of public and private subsidy. Philanthropists writing to the arts council have stated that there are probably not enough philanthropists to support the sector and also cutting edge developments may not happen under philanthropy or sponsorship.

4. Whether the current system and structure of funding distribution is the right one;

4.1 Support for voluntary and independent organisations is very important to help develop their sustainability for the future and a strong business direction. Renaissance is currently delivering this through frontline support for organisations. Specifically in Northamptonshire museum development reaches a wide number of organisations across the county. The Renaissance structure in the East Midlands has the opportunity to link local knowledge with a wider strategic view. It is important to link the two perspectives.

4.2 Renaissance supports 51 museums in Northamptonshire through museum development in the areas of sustainability and business planning, collections care, learning, developing new audiences and engaging with communities, and volunteering.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1 Freeing up more lottery funding for heritage and arts is positive but as other funding streams decrease this will become more competitive.

5.2 The application process is currently very bureaucratic.

5.3 Many organisations require support from development workers outside of HLF to develop a structure and capacity to secure funding or to be encouraged to apply.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1 Currently the application process is very bureaucratic.

6.2 The focus on volunteering is good for independents and the voluntary sector but if there is less local authority and government funding for museums then the application process needs to be made easier for local authority museums.

7. The impact of recent changes to DCMS’ arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

7.1 The loss of MLA is particularly relevant to the museum sector as this was the body that represented the sector.

7.2 Museums are particularly important in the current economic climate. It is important that we have a strategic body with museums as one of its principal functions, rather than a minor department in another quango.

7.3 It is also important that the following MLA functions are secured: Accreditation scheme. Many museums including volunteer community museums have worked hard to reach the best practice of accreditation standards and need to be reassured.
Designation – this is a lifeline for significant regional collections.

Government indemnity scheme

Acceptance in lieu

Representation of the museum sector

Renaissance (This funding has addressed a previous chronic underfunding in the sector. Renaissance funding is necessary to continue developing organizations to help improve access to museums for all.)

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.1 As it is now, funding needs to be a mix from businesses, philanthropists, but also from the public sector.

8.2 We currently do not have a philanthropic culture in the UK. This would take many years to develop.

8.3 The cutting edge in arts and also some work that involves making culture accessible is unlikely to be funded by philanthropy.

8.4 It may also be harder to attract philanthropy in the heritage sector perhaps where the outcomes of work is more community focused and therefore less glamorous, and not as associated with an artistic finished product such as an exhibition or performance.

8.5 Sponsorship may also not be applicable as it is dependent on a fit with a company’s principles and can also create ethical problems. The American model results in art activity through philanthropic subsidy often being restrictively expensive and therefore not accessible to all.

8.6 It may be important to develop funding from businesses and philanthropists, however this may take many years to become embedded.

8.7 There are concerns that while philanthropy may be attractive in London among the bigger institutions with established brand, this is not so for organisations outside of London and relatively small community museums and local authority museums where philanthropy will not make up for cuts in public funding.

9. Whether there need to be more Government incentives to encourage private donations.

9.1 Yes tax incentives

9.2 But creating a culture of philanthropy cannot necessarily be achieved through legislation.

August 2010
A summary of this submission’s main points

- University museums collectively hold some 30% of the nation’s Designated collections
- Their funding is arguably more precarious than that of any other group of public museums
- They receive no core revenue funding from DCMS
- They represent an invaluable and under-recognised resource for both the education and broader cultural sectors
- They have, historically, been unable to rely on the consistent lobbying by DCMS within Government to press their funding Department (DfE via HEFCE) to recognise the nature of its responsibility for a significant ‘slice’ of the national heritage

1. Introduction

The University Museums Group is a membership body representing and advocating the interests of the United Kingdom’s one hundred or so publicly-accessible university museums. It works closely with its membership, with universities and with relevant strategic and funding bodies to ensure both that university museums are more widely recognised as an outstanding national resource and that they afford the best possible academic and wider community access to their collections and expertise. In 2004 the Group published ‘University Museums in the UK: a National Resource for the 21st Century’ (available at www.umg.org.uk).

Given other more general submissions being made on behalf of the museum sector as a whole (e.g. the Museums Association’s) we intend unashamedly to focus briefly on the particular concerns of the nation’s university museums and galleries.

2. The Context

2.1 University museums and galleries comprise about 2% of the UK’s museums, yet they hold 30% of the collections designated by DCMS as being of outstanding national or international importance.

2.2 Whilst 31 receive partial funding administered by the Higher Education Funding Council for England (HEFCE) (£10m annually in total), most are supported entirely through discretionary allocations made by their host universities from the universities’ core teaching and research grants, either directly or via academic departments.

2.3 None receives core revenue funding from DCMS or from any other public body, although a handful (e.g. Oxford, Cambridge, Manchester) have benefited from Designation Challenge funding and/or from project funding available to ‘hub’ museums within the ‘Renaissance in the Regions’ initiative.

2.4 In addition to engaging in and/or supporting collections-based research of a kind that, nowadays, is seldom possible in most public museums, university museums have played a significant part in Widening Participation initiatives and in raising educational aspiration and they are, in many cases, the principal point of public access to their host universities.
2.5 Stable funding from HEFCE, parent universities, and in some cases Renaissance in the Regions, has transformed the performance of the key 31 HEFCE-funded museums. In the five years from 2003-08, HEFCE funding helped university museums to increase public visits by 35% to 2.3 million a year, total educational visits by 45% to 243,000 a year, and dedicated further education visits by 159% to 45,300 a year.

3. **Funding**

3.1 The funding of most university museums and collections is arguably more precarious than that of any other group of public museums, depending as it so often does on the vagaries of internal departmental resource allocations. Most universities do not see the provision of public museums as their ‘core business’ and in the current climate of under-funding of the HE sector, museums and their collections are particularly vulnerable.

3.2 Whilst those museums recently in receipt of HEFCE funding have been able significantly to raise standards of stewardship, research, academic support, public programmes and access, current levels of funding are only guaranteed till the end of 2010-11, and there is considerable uncertainty – and anxiety – relating to HEFCE’s intentions beyond that.

3.3 Additional project-based or Renaissance funding has also enabled university museums –somewhat artificially, perhaps - to ‘raise their game’ in recent years, but these funding streams, too, have an uncertain future, particularly after the abolition of MLA and in the light of DCMS commitment to 2012 Olympic funding. Short-term gain is thus likely to become long-term loss as recent levels of activity prove unsustainable.

4. **DCMS and other organisations**

4.1 We recognise that DCMS has no direct remit of responsibility for university museums but historically we have been both discouraged and, we believe, disadvantaged by our relative ‘invisibility’ to central government, which results from the nature of our governance and funding arrangements.

4.2 Since the advent of 5 year core funding by HEFCE and since the availability of Renaissance funding to some university museums, have been considerably encouraged by the higher profile of university museums within the museums sector, and by the increased representation of university museums in on consultative groups.

4.3 There is, however, a concern that university museums are not benefiting from the kind of cross-departmental working (in this case with DfE as paymaster of HEFCE) which is being advocated by Government and which would considerably enhance our profile and advance our cause and viability.

4.4 We would hope that, if general responsibility for museums goes to the Arts Council, the importance of university museums is recognised, and that they are integrated far more than they have been so far in general museum strategy and policy, through liaison between dedicated Arts Council museum staff and officers of HEFCE.

5. **Recommendations**
5.1 We would encourage DCMS to recognise that, although it has no direct responsibility for university museums, as overall guardian of the nation’s cultural heritage and of the Designated Collections scheme it has a moral and public obligation to act within Government on behalf of their continued survival and well-being.

5.2 We would encourage DCMS, with its greater understanding of the museums sector, to work actively as an advocate to DfE in order that DfE may become better informed about the outstanding national value of the university collections which are their direct responsibility.

5.3 We would be encouraged by active DCMS support of our efforts to ensure continued HEFCE funding for university museums.

5.4 We would urge DCMS and any future body responsible for museums to work closely with university museums and with HEFCE further to raise awareness of the value of their collections and their unique contribution to the museum and cultural sector as a whole.

August 2010
Key points:

- Whilst the arts must share the burden of cuts in government spending, they have a key role to play in economic recovery through tourism, regional regeneration and feeding the skills and expertise of the commercial sector – deep cuts will affect this negatively.

- Any cuts should be implemented in a phased way to allow organisations to prepare and seek alternative sources of funding.

- Larger organisations have a responsibility to share skills, expertise and resource with others in their sector and to create partnerships across sectors to benefit audiences and artists.

- Given the significant return for a relatively small investment, we urge the government to maintain investment to organisations directly producing art at a broadly similar level.

- We support the arms length principle and can see benefits in a revised funding system which offers both longer term partnerships and one-off flexible grants for specific work.

- We look forward to restitution of lottery funding to the arts, but we don’t believe that philanthropy can quickly or easily replace public funding and fill any shortfall.

- Creating a culture of giving is a long term challenge and one that we support, but it needs to be matched with new tax incentives to encourage giving.

1. Introduction

   a) The RSC is one of the world’s best known theatre companies. It’s our job to connect people with Shakespeare and produce bold, ambitious work with living writers, actors and artists.

   b) In the last decade, we have given over 11,600 performances, commissioned 186 new plays and worked with 250,000 young people through our education programmes. We’ve taken over £100m at the box office, sold 6.3m tickets, earned £16.4m from commercial activities and generated £16m in revenue from fundraising.

   c) We have also raised over £108m from public and private sources for the £112.8m on-time and on-budget transformation of our Stratford-upon-Avon home, due to reopen in November 2010.

   d) Our annual contribution to the regional economy is estimated at £58m a year (source: PricewaterhouseCoopers) and over 1000 full time equivalent jobs.

2. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;
a) Whist we don’t yet know the final figure for cuts to arts funding, it’s clear that cuts on the scale proposed (25-40%) will have real and significant impact for the arts and for the audiences who enjoy them. Most likely for the us it will mean fewer productions, less touring, and a curtailment of the free events and educational activities which help us reach new audiences.

b) Arts funding is a tiny proportion of the national budget (17p per week per person) and the return on investment is enormous. For theatre alone, it’s obvious that the investment of the last decade, coupled with the entrepreneurial skill and commercial professionalism of the sector, has delivered a ‘golden age’ for audiences, with all the national companies and many smaller ones delivering outstanding work recognised across the world and re-establishing the UK’s position as a world cultural leader.

c) Whilst acknowledging that every area of public life must play a part in reducing the country’s deficit, we argue that the cuts must be balanced and phased as the subsidised arts can play a significant part in economic recovery. Our sector must be strong enough to play its vital role in encouraging in-bound tourism, boosting regional regeneration (each £1 of ACE investment in the RSC helps generate £3 for the regional economy from other sources) and feeding the skills and expertise of the commercial sector – as Sam West has pointed out, 145 of the 187 British Academy Award winners started their lives in the subsidised theatre. The majority of productions in the West End begin as subsidised shows.

d) During the current year 2010/11, Arts Council England (ACE) has been able to keep cuts to its regularly funded organisations to 0.5%. The RSC has absorbed this cut through across the board adjustments to departmental budgets. We have however also seen a significant drop-off in educational investment through cuts or abolition of Department for Education and DCMS funded programmes such as Find Your Talent, resulting in a loss of £25,000 in income for projects and services that we had been commissioned to provide. These range from an 18 month project with Looked After Children to help raise their aspirations, to professional development courses for English teachers cancelled by local authorities due to budget cuts.

e) It’s clear that ACE funding also has a vital role to play in leveraging other forms of public support, such as local authority funding. The RSC doesn’t receive any funding from local authorities, but many smaller regional companies do and it’s an important part of the economic mix. We would be concerned that ACE cutbacks have a domino effect, encouraging local authorities to remove funding (especially as it’s not a statutory obligation) and potentially leading to the closure of regional theatres and the loss of many non-building based theatre companies.

f) We are also concerned about the timeframe for implementing the cuts. Too much too soon could have a catastrophic effect, as most organisations will find it extremely difficult to secure alternative sources of funding or develop new commercial models quickly. A longer timeframe allows organisations to plan for and adapt to change – and would allow for the benefits of the restitution of the arts element of the Lottery to be felt, rather than facing a ‘cliff edge’ in 2011 and 2012.
g) For audiences – the most important part of the picture – the cuts will inevitably mean less to enjoy and less easy access. The arts are not just a ‘nice to have’ they are part of everyone’s birthright and public investment in institutions such as the RSC allows us to run a repertoire, reduce our ticket prices, offer free events, and provide £5 16-25 tickets, encouraging in audiences who may not otherwise have access to the arts. For instance, the 400 schools in our Learning and Performance Network1, with whom we have deep and long-lasting relationships, are selected precisely because they have a high proportion of children who are entitled to free school meals and have little access to live culture.

h) We fear a return to a disproportionate domination of the arts by artists and practitioners with private incomes who can survive lean times, and by audiences who can afford higher prices, and that this will lead to a narrowing of the field of reference and decline.

3. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

a) There is clearly a responsibility amongst the larger arts organisations to share skills, expertise and resource with others in their sector. Along with many other performing arts organisations, we put collaboration at the heart of our work.

b) We regularly co-produce shows with some of the best and most innovative small theatre companies in the UK, for instance, Kneehigh, Filter and Little Angel Theatre, which allows costs to be shared and income guaranteed for our partners.

c) Our voice, text, movement practitioners already work with drama schools and other groups to provide expertise and training to artists, and are now extending this to amateur companies, through a major new programme, part-funded by a charitable foundation. Our RSC Studio provides resources to help established artists develop new work, which might include rehearsal space, actors’ time, dramaturgy or access to technical expertise. We make available our education building, Waterside Space, to local amateur arts organisations for rehearsals and our reopening programme includes work by local amateur companies.

d) There are also benefits in sharing resource more broadly with other sectors. For instance, we have joined forces with other charitable and commercial businesses in the region (Warwick Castle and the Shakespeare Birthplace Trust) to promote UK and international tourism to the region and with Warwick University to develop the teaching of Shakespeare and share practice between theatre and academia, via the jointly run CAPITAL Centre.

e) We could improve efficiencies by sharing knowledge about the things we know work for our audiences, as well as the things that go less well. We can often reinvent wheels within the cultural sector because the opportunities to share information with each other are not readily available. In September, the RSC starts

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1 The Learning and Performance Network is a 3 year partnership programme between the RSC and 400 primary and secondary schools across England. To date we have reached 76,000 children and young people through the network and worked with over 1,300 teachers.
working with ROH, NT, Sage Gateshead, Tate Modern and ACE to define and agree how we make sure our work with children and young people is effective and of the highest quality and how we agree a shared set of outcomes for our education work. This kind of initiative will reduce the amount of time we all spend on the needless collection of data we never use, and instead provide us with a rigorous framework that streamlines measurement and improves the experience for the young people, schools and families who work with us.

4. **What level of public subsidy for the arts and heritage is necessary and sustainable;**

a) Over the last decade or so, arts organisations have worked very hard at reducing reliance on subsidies and broadened their operations, stepping up commercial opportunities, seeking sponsorships, and professionalising their fundraising. But subsidy remains a crucial part of a mix for many, alongside box office income, commercial operations such as catering and retail, corporate sponsorship and charitable fundraising. It allows arts organisations to broaden their programming and to reach new audiences. It keeps ticket prices low and opens up cultural opportunities to lots of people (especially young people) who wouldn’t otherwise be aware of them or feel they were available to them.

b) We want every child to have a positive experience of Shakespeare whilst at school, and without subsidy, our education programme would have remained small and localised. We could not have afforded our £5 ticket scheme, which has offered cheap seats to 16–25 year olds since 2005.

c) As stated above, the current model has delivered great art over the last decade, brought work to new audiences right across the country and has played a part in strengthening British culture in all its guises and making our cultural institutions the envy of the world. The return the public receives for taxpayer investment is significant for a relatively small sum. We would urge the government to maintain the level of investment at a broadly similar sum during the coming years to organisations directly producing art.

d) Clearly, it’s difficult to specify a precise figure, but the right level must surely be one which continues to deliver real value to the taxpayer, with that value regularly reviewed and determined by a combination of professional judgement on the part of those who administer the grants, the support of audiences and approval from the broader tax-paying public.

e) There has been extensive research into the instrumental benefits the arts can bring, but little or none into the value of art for arts’ sake. We believe that there is an intrinsic value in a Shakespeare play - that seeing it performed live can remind us what it is to be human and can connect us to one another in ways which simply cannot be achieved through other means. It is, of course, almost impossible to quantify this in monetary terms, but it is clearly something that the public values.
f) A recent piece of research from the DCMS Culture and Sport Evidence (CASE) programme\(^2\), explores the value of public investment in the arts through quantifying the impact of arts participation on well-being. The results of the research look promising, but it is currently an under-developed case. This kind of research could provide an important starting point for understanding the intrinsic value of arts participation on the individual and inform decisions about optimum levels of public subsidy for the arts.

5. **Whether the current system, and structure, of funding distribution is the right one;**

   a) We remain supportive of the ‘arms-length’ principle, which allows Government to fund the arts at one remove, without becoming enmeshed in specific questions of merit or suitability. There is still value in a professional grant giving body, which understands the sector and is able to take soundings from audiences and artists to help determine its decisions.

   b) We are aware that ACE is reviewing its funding operations at present and can see benefits in a revised system which allows longer term partnerships with organisations, which allows them to invest in artistic expertise and plan investment over a period of years and which allows funding in a more opportunistic way to support individual productions, artworks, or seasons. To date, we have had a good relationship with ACE, working with good, knowledgeable officers who have provided both challenge and support in equal measure.

6. **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations; and whether the policy guidelines for National Lottery funding need to be reviewed;**

   a) Arts organisations have been adept at navigating the various lottery distributors to secure much needed funds; Awards for All, Heritage Lottery, Big Lottery, NESTA, the previous Millennium Festival Fund and the now defunct New Opportunities Fund were all available to arts-based projects for qualifying projects. Redirection of lottery funding to the Olympic effort and the narrowing of focus for other distributors has therefore been a double whammy. Whilst we welcome the return of Lottery funding to the arts after 2012 - through what mechanism we are not yet sure - we also hope that arts-based projects will again qualify for funding from other lottery distributors to help diversify and sustain our fundraised income. As the sector develops a response to increasing expectations for ‘measurable outcomes’ and ways of demonstrating return on investment, we would hope to compete well with health, education and community sectors for lottery funds.

7. **The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;**

   We have no comment to make on these decisions.

\(^2\) Understanding the impact of engagement in culture and sport; July 2010
8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

a) Of course, both philanthropy and business sponsorships have a role in funding the arts – and it’s one they already play very effectively, but they cannot quickly or easily replace public investment.

b) We are now in the 7th year of partnership with Accenture, our Global Performance Partner, who have provided both cash and consultancy in kind which has allowed us to transform our business operations. Following their ground-breaking support in helping us understand and segment our audiences, we have been able to revolutionise our marketing activity, targeting it much more effectively and resulting in significant sales increases. Other commercial sponsorships have also delivered mutual benefits, though our Stratford location does limit corporate hospitality opportunities.

c) We have a very significant donor base, and have enjoyed private support for both our revenue funding and our major capital appeal for the Transformation of our theatres (£34.7m raised in private fundraising for our Transformation, including donations from over 13,000 people in 55 countries).

d) However, the present economic climate is such that we are running ever harder to stand still. Fundraising across all types and at all levels of giving has been impacted by the downturn and we have lost at least one major capital pledge as a direct consequence. We are also having to adapt cash flow expectations and invest more in relationships as donors need longer to honour their pledges. During the last two years we have only been able to maintain our annual revenue fundraising rather than grow it.

e) Philanthropists themselves have made it clear that their funding neither can nor should replace government subsidy – their contributions allow enhancements and additions, and their resources would not stretch to replace it. An over reliance on philanthropy can also make organisations more dependent on short term planning and vulnerable to changes in a philanthropist’s circumstances and wishes. It is notable that in the US, where the arts has a much greater reliance on private sector funding, the downturn has resulted in severe repercussions for the arts with a number of high profile closures as philanthropists have been unable to continue their levels of support.

f) And finally, to grow these areas of funding in the future, we do need to be able to give greater recognition to those who give. Gifts are constrained by very restrictive rulings (especially on the application of VAT) which limit the ways in which people can be thanked before there is a tax liability. We would welcome a major review on the tax incentives to give to the arts and the Gift Aid Scheme.

g) We also need to beware of adopting wholesale systems of philanthropy from outside the UK where there are different sets of expectations of what arts activities are there to achieve for individuals and the wider community. In the US for example, there is a strong focus on the Social Return on Investment Model – where
the organisation receiving funding needs to quantify in monetary terms the level of social benefit that is being experienced by the participant. UK cultural organisations are a way off being able to provide this kind of evidence of impact and we should question whether this very instrumental approach to arts participation is something we want to encourage.

9. Whether there need to be more Government incentives to encourage private donations.

a) Yes. There are three ways in which we would like to see more incentives for private donations:
   i. new tax rules which permit lifetime giving
   ii. more streamlined and simpler to apply gift aid arrangements
   iii. greater opportunities to recognise gifts without incurring tax liabilities

b) In reference to the US style of philanthropy, which we are urged to mimic here in the UK, their cultural and attitudinal context for giving is wholly different to our own. It will take more than minor adjustments to tax legislation to change a national mindset that the welfare state is there to help those in need, and that philanthropy is a remote idea reserved for the very wealthy. And, as demonstrated by a number of notable cases in the past few years, if a wealthy individual feels their own giving or role in British cultural life is being dismissed, they will take themselves and their tax contribution out of the country. The cultural shift required to make large scale philanthropy the norm is a major one and will take considerable time to implement.

*September 2010*
1. Executive summary

1.1 Museums in the Midlands are facing as yet unknown but presumed significant cuts in the Renaissance in the Regions funding and in funding from local authorities. There is very real concern that museums will close or offer much reduced services in the future.

1.2 This comes at a time of high popularity for local museums but the uncertainty means they are unable to capitalise on this success or plan for the future.

1.3 The abolition of the Museums, Libraries and Archives Council raises concerns that professional advice and standards for museums will not be continued.

1.4 Although private funding and more entrepreneurial and partnership working offers a solution for the future, these changes will take time and new skills to implement and the options outside London are limited.

2. Introduction

2.1 The Midlands Federation of Museums & Art Galleries is a membership organisation open to institutions and all people working in museums and galleries in the East and West Midlands Government Office regions. The Federation is a registered charity that aims to promote the objects of our national professional body, the Museums Association, by holdings meetings, providing information and encouraging the better administration of museums and art galleries in the Federation area. The Federation has been supporting museum professionals in the Midlands since the 1940s and has worked with museums in boom times and in recession.

2.2 This memorandum sets out the response of the Federation to the CMS Committee’s ‘Funding of the Arts and Heritage’ Inquiry, concentrating on the questions highlighted by the committee. The memorandum has been prepared specifically for submission to the CMS committee.

3. Impact of spending cuts

3.1 In times of economic uncertainly, people feel reassured by looking back at history and increasingly value creative and cultural experiences, particularly those close to home. Since the current recession began, museums across the Midlands region have seen increased visitor numbers, increased volunteer recruitment and increased research enquiries.

Renaissance project funding

3.2 Museums in the Midlands are concerned about the impact of cuts and reorganisation on the flagship Renaissance in the Regions programme of funding for regional museums and about the current lack of clarity. Both the largest and smallest regional museums and their visitors may be negatively affected by reductions in Renaissance funding.

3.3 The Renaissance ‘Hub’ museums in each region have delivered major projects that have extended access to collections through interpretation and exhibitions, opening up stored collections, and providing online resources. These projects together with investment in learning programmes have delivered large increases in audience numbers and engagement with heritage and culture.

3.4 The benefits of Renaissance-funded training programmes have spread well beyond hub museums and resulted in staff and volunteers in museums of all sizes and types having access to free, high quality training opportunities with consequent benefits for audiences. The network of Museum Development Officers (MDOs) established through Renaissance has resulted in valuable practical
support and advice for non-hub museums, leading to better interpretation and care of collections held at local level.

3.5 The benefits of the MDO and training programmes extend to small and independent museums run and staffed by volunteers. There are many volunteer-run museums striving to work to professional standards, and they need the continuing support and regional knowledge of professionals from the sector. These museums, which might be seen as fitting the ‘Big Society’ agenda, are therefore also at risk from the cuts even though their direct government funding is minimal or non-existent.

3.6 There have been proposals to replace the Renaissance Hub museums with a network of ‘core museums’. To date there has been very little detail about what a core museum will be leading to concerns that the benefits of Renaissance to the wider museum sector will be reduced.

3.7 The museum profession is small and currently a significant proportion of museum staff are employed on temporary Renaissance-funded contracts. We hope that if there is to be a transition, it will be handled in a well-structured and timely fashion. Museums need to be able to plan how their services will be delivered in the future; and we would hope to avoid the stress, de-motivation and exit from the profession of many knowledgeable and skilled museum staff.

**Lottery funding**

3.8 The Lottery (and specifically the Heritage Lottery Fund) has been enormously beneficial to museums and galleries both large and small in the decade since it was set up particularly in collections care and visitor access, and has helped to leverage additional funding from other sources. Rumours about changes in its administration are discouraging museums from submitting applications and thus are not planning improvements to provide increased access to the country’s heritage assets.

**Local authority funding**

3.9 As well as cuts to the Renaissance programme, there is great concern that local authority support for museums and galleries will be reduced, leading to cuts in opening hours, reductions in programmes and services available to the public, closure of some museums, new admission charges in others and overall a reduction in the care and interpretation of those parts of our heritage that local authorities hold in trust for society.

3.10 Most small and medium-sized local authority museums are already run on a shoestring, with limited numbers of staff and tiny operational budgets. Despite often widespread local support, local authority museums are non-statutory services and have been an easy target for budget-cutting in recent years as government targets and priorities have pushed council budgets elsewhere.

3.11 Cuts to the Museums, Libraries and Archives Council put at risk the guidance given by its regional Field Teams to local authorities, work which has encouraged councils to recognise, value and support the contributions that museums are making to key local priorities such as learning and social cohesion. Collectively the forthcoming cuts risk being a double or triple whammy for local authority museums and their visitors.

4. **Organisations working more closely together**

4.1 The Renaissance programme has demonstrated the benefits of partnerships between museums, for example collaborative projects that have produced exhibitions and programmes that have toured between venues.

4.2 Partnerships are not cost-free: for example while the cost of research may be reduced when shared between partners, the infrastructure and transport required for a touring exhibition may be greater than that required for an exhibition in one museum.

4.3 Access to museum collections cannot take place without access to expertise (for example, in interpretation, care of collections, subject specialist knowledge). If the number of knowledgeable
museum professionals across the region are reduced because of funding cuts, the opportunities to work in partnership will be reduced also.

5. Abolition of the Museums, Libraries and Archives Council

5.1 The Museums, Libraries and Archives Council (MLA) and the former Museums & Galleries Commission and the regional museum agencies have held a position at arms' length from the overseeing government department. We are concerned that, in the haste to reduce the number of quangos, the principle of culture being independent of and uncensored by government might be compromised.

5.2 The MLA has already undergone a major restructuring in 2008-2009, including the winding up of its former regional agencies. Museums had only just re-established contacts for advice, guidance and standards and now need to start again.

5.2 There is further concern that no clear future or support has yet been identified for programmes and funds administered by the MLA and highly valued by museums in the regions. At best the profession is uncertain where to go for support during the transition, but there is concern that some programmes will not be continued.

5.3 These programmes include the Accreditation standard, which has led the raising of standards in museums across the country, and provides a quality benchmark for both the public and major funders including the Heritage Lottery Fund. We hope that the knowledge of the staff involved with the Accreditation scheme will be retained and transferred, and that the future operation of the scheme will be appropriately funded.

5.4 Other valued MLA programmes are Designation which recognises and supports nationally important collections in non-national museum and Inspiring Learning for All which has driven up the quality and measurement of learning in museums.

5.6 The PRISM and V&A Purchase Grant Funds have provided vital support for the acquisition and conservation of artefacts, specimens and artworks in regional museums.

5.7 Whatever the eventual decisions about the MLA’s programmes and funding, it is important that there is continuity through the transition period, with decisions being made and announced well in advance of implementation, for the benefit of museums and the MLA’s own staff.

6. Funding through philanthropy

6.1 The Federation welcomes efforts to diversify the funding of museums and galleries. The National Museum Directors Conference reported in 2008 that while ‘since 1992 there has been a 25% rise in personal incomes in the UK, and personal wealth has more than doubled... yet there has been a 25% fall in charitable giving as a percentage of GDP’: in short, the potential of philanthropic giving is not being borne out in practice.

6.2 It is more common for fine and applied arts to receive private support than local history and natural sciences, meaning that the challenges in gaining sponsorship and donations vary across the sector.

6.3 Outside London, where national and international firms with significant sponsorship budgets tend to be based, and where wealthy individuals are disproportionately represented, the potential for growth in both corporate and individual giving is ultimately limited. A report for Arts & Business in 2007 found that ‘out of total UK philanthropy (i.e. individual giving), 3.6% goes to the arts. 78% of that goes into London or National organisations. This means that culture in the regions attracts just 0.79% of total UK giving’ (John Holden, Funding Decentralisation in the UK Cultural Sector: How have we done so far?). Within the area covered by the Federation, the figures from Arts and Business show
that the East Midlands has the lowest level of private giving anywhere in the United Kingdom except for Northern Ireland.

6.4 While there are prospects for growth in these figures given suitable encouragement through legislation, it is highly improbable that private funding will ever contribute a proportion of income to culture outside London that comes close to equalling that available to national organisations based in London.

6.5 Any change in the amount and extent of giving will take years if not decades to happen, and cannot be expected to rapidly replace other funding.

7. Government incentives to encourage private donations

7.1 In 2004 the Treasury received the Goodison review, *Securing the Best for our Museums: Private Giving and Government Support*. It is disappointing that the recommendations made by Sir Nicholas Goodison were only partially implemented.

7.2 The unimplemented Goodison proposals focused on tax relief for the gift of works of art, which, while welcome to museums, only partly addresses the needs of the wider museum sector.

7.3 The 2008 manifesto produced by leading cultural organisations, *Private Giving for the Public Good*, which makes the case for providing greater incentives for living donors to make gifts of objects to the cultural sector, and to give greater recognition to people who give to the cultural sector. It may now be appropriate to hold a further review, investigating the benefits of a number of measures to encourage giving, including fiscal incentives.

*September 2010*
Written evidence submitted by the PRS for Music Foundation (arts 27)

1. As the UK’s only specialist funder of new music, the PRS for Music Foundation welcomes the opportunity to respond to this timely Select Committee inquiry. PRS for Music Foundation’ submission echoes the broader points made about the impact that funding cuts will have on the music sector in UK Music and National Music Council’s response to this inquiry. However, we have based our response on our 10 years experience as an independent music funder and on three questions in particular: the impact of spending cuts; the role of businesses and philanthropists in the funding of the arts; and whether the current system, and structure, of funding distribution is an appropriate one.

Summary

- Future spending cuts at central and local government level will unquestionably threaten the UK’s longstanding public-private formula that has enabled the arts to flourish in the UK;
- The demand for programmes we fund in collaboration with public funders is significantly greater than what we are able to support;
- A substantive reduction in the level of public funding provided would invariably risk a lack of support for crucial creative and professional development which enables the UK to maximize the potential of our music industry across all genres;
- A review of funding spend on the arts should consider how existing best practice models and experience of directing funding to specific target groups can be used to increase efficiency and to support all levels of development. This includes the gateway the PRS for Music Foundation provides to the music sector UK wide.
- A proper impact assessment (including detailed comparative analysis) is required to fully understand the long-term (economic / cultural) consequences of any reduced levels of spending;
- PRS for Music Foundation would welcome the opportunity to contribute to Arts Council England’s consultation with the music industry so that we can share our experience of funding the not-for-profit and commercial sectors and help to ascertain where funding could be directed to achieve the least negative overall impact.

Introduction to the PRS for Music Foundation

2. Known for promoting quality and innovation, the PRS for Music Foundation supports the creation and performance of ground-breaking new music by:

- Awarding grants throughout the year;
- Initiating new programmes in collaboration with music industry partners;
- Raising the profile of new music in the UK and abroad;
- Creating professional development opportunities in response to the needs of the new music community.

3. The PRS for Music Foundation is the UK’s only specialist funder of new music with 10 years experience of supporting the development of the music sector. Since 2000 it has supported over 4000 initiatives to the tune of £13.5M it has a history of supporting a range of music making activities in every genre through numerous (small) grants and partnership programmes. PRS for Music, the collective licensing society for composers, songwriters and music publishers, currently give an annual donation of £1.5m to the Foundation. The Foundation also raises significant further monies through fundraising.
What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

4. In 2009 the PRS for Music Foundation commissioned an independent study to gauge the Foundation’s impact on the music sector. It demonstrated that PRS for Music Foundation is an essential contributor to the funding ecology because it supports new work and enables organisations, promoters, festivals and performance groups to leverage funds from other sources. Those “other sources” are made up primarily of support from Arts Council England and local authorities, which are usually awarding in the region of 30% -40% to PRS for Music Foundation grantees. The remainder of their funding is often made up of earned income and smaller grants coming from wide range of private trusts, foundations and donors.

5. Unquestionably, future spending cuts at central and local government level will threaten this public-private formula which has enabled the arts to flourish in the UK over the past 20 years. A proper impact assessment (including detailed comparative analysis) is required to fully understand the long term (economic / cultural) consequences of any reduced levels of spending. Importantly, we anticipate that any negative impacts would be felt disproportionately by funded organisations due to the fragile eco-system inherent with such a mixed economy, and the fact that often private funding might not be generated without public sector funding endorsement.

6. Whilst we recognise that it may be inevitable that arts funding may be reduced by some level in the future, we would expect the Arts Council to undertake extensive consultation with the music industry (including the PRS for Music Foundation) to ascertain where funding could be directed to have the least overall impact as possible.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level:

7. As the most generous of private donors have confirmed, private money cannot fill the gap made by the scale of cuts in public funding proposed. The PRS for Music Foundation’s experience as an essential partner for distribution of small grants demonstrates the need for larger grants to be available from public funders so that the current ecology of the arts sector is not destroyed. As with most private foundations, the PRS for Music Foundation will not have the means to invest more as public funding reduces. Therefore, private foundations like ours will be faced with difficult decisions about whether their smaller grants can be safely awarded to organisations which lose their core funding from public sources which is often key to their sustainability. If smaller private foundations consider their funding to be safest with the organisations which the public sector has decided to back, the diversity of the UK’s most pioneering music providers may be at risk.

Whether the current system, and structure, of funding distribution is the right one:

8. Any review of funding spend on the arts should consider how existing best practice models and experience of directing funding to specific target groups at a marginal cost, with

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1 PRS for Music Foundation conducted an independent survey which considered where PRS for Music Foundation grantees received their funding from. This highlighted that ‘other sources’ of income listed (primarily support from Arts Council England and local authorities) constituted 41% of the partnership funding on average. (based on 2004-07 data). A similar survey in 2008 suggested this figure reduced to 33%.
appropriate governance and transparency, can be better exploited. This includes the gateway the PRS for Music Foundation provides to the music sector UK wide.

9. The arm’s length principle of arts funding in the UK has enabled private foundations like the PRS for Music Foundation to work with Arts Council England on partnership programmes which respond to need and strive to deliver transformational creative and business outcomes. The programmes listed below have been developed in collaboration with Arts Council England which has then supported PRS for Music Foundation to deliver crucial, bespoke training and support to the music industry. The demand for these programmes is ten times greater than what we are able to support. If we were to lose the public funding currently available for these programmes, we would not be able to support the UK’s musical talent at anywhere near the required level needed; the result of which, is that we would be failing to maximize the potential of our music industry across all genres.

Enclosed below are three examples of best practice funding based on interventions led by the PRS for Music Foundation in collaboration with public funders.

A. British Music Abroad

10. This programme provides bursaries for emerging UK artists and bands which provide a contribution to travel costs and expenses for international showcase opportunities. Essentially this enables UK artists to attend international showcases, which serves to increase their impact and allow them to realise their full potential in the international market through business development and via new opportunities for creative collaboration. Support is given by Arts Council England via British Underground and UK Trade and Investment, who also work together to run a training session and showcase of British Music Abroad bands at SXSW.

11. Approximately 40 export-ready bands per year are supported to attend showcases overseas. Since the establishment of this scheme in 2006, 131 bands have been supported. Examples of bands supported are: Bat for Lashes, Micachu and the Shapes, We Have Band, Portico Quartet, Rolo Tomassi, Riz MC, Alice Russell and James Yuill. Current showcases include South by South West (SXSW) CMJ Music Marathon, North by North East (NXNE) Canadian Music Week (CMW) Sonar, Folk Alliance, Midem and Jazz Ahead.

12. The results include tangible outcomes for participants include definite major signings, development deals in the US, further live performance, new deals with booking agents, overseas management deals, licensing deals, synchronisation deals and increased overseas royalties. Enclosed is a graph which highlights the type of positive commercial impact which arts funding potentially can have. In this instance, an increase in overseas writer royalties at one US trade event, SXSW.

\[\text{www.prsformusicfoundation.com/britishmusicabroad}\]
B. New Music Plus

13. New Music Plus is a creative placement scheme for independent music producers, supported by Arts Council England, the Cultural Leadership Programme, PRS for Music Foundation, the Paul Hamlyn Foundation and Sound and Music. The scheme is designed for independent producers of live music, which includes bespoke training, mentoring, participation in a cross-art-form learning network and an opportunity to co-produce a music event in a high profile venue. Eight independent producers per year are partnered with 8 leading cultural organisations on a year long programme; the programme includes venues which don’t specialise in music and has taken place in the UK and the North West. We plan to initiate a national programme in 2011.

14. The scheme was created in response to the lack of funding for producers of live music and limited work-based opportunities for creative and professional development. The results have included enabling independent producers improve business skills, a strong network for touring and co-commissioning being created and audiences for new music are developed through involvement of diverse venues.

C. Take Five

15. Take Five is a jazz professional development scheme for emerging UK artists supported by PRS for Music Foundation, the Jerwood Charitable Foundation, Arts Council England and the Musicians Benevolent Fund. The programme is run by international music producers, Serious. The course includes a five day residential course, which is backed by opportunities for bespoke training including studio sessions, networking and mentoring. Eight artists a year participate in this national programme and 40 artists have taken part since its launch in 2004.

16. The rationale for the course stemmed from the problem that, beyond the formal training offered through some higher education institutions, there can sometimes be a need to offer further help artists with their professional development once they have embarked on their careers (notwithstanding the fact that publishing companies already provide significant nurturing). The pressures of earning a living mean that it can become difficult for people to take time out to focus on the direction in which they want to be heading and the skills they need to receive to get there.

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3 www.prsformusicfoundation.com/newmusicplus
4 See: www.prsformusicfoundation.com and www.serious.org.uk
17. The results have been impressive with Serious receiving many requests to replicate or develop more Take Five models (including Scottish Arts Council, Dutch Jazz Connection and Norwegian Rikskonsertene). Artists who have participated in the scheme are now making a substantial impact on the national and international jazz scene and note significant step change in creative and business development including new commissions, media coverage, publishing, management or distribution deals.

August 2010
Written evidence submitted by OYAP Trust (arts 28)

OYAP Trust

OYAP Trust was founded twelve years ago as the development agency for youth arts in Oxfordshire. Since then we have been actively working at the cutting edge of the youth arts sector and we are considered to be one of the leading youth arts organisations in the region.

Youth Arts

Youth Arts is a broad and diverse practice and operates within many different sectors including: the arts sector; local government; health and social services; statutory and voluntary youth services; uniformed groups; the youth justice system; faith and cultural organisations... and more.

“Youth Arts refers to young people taking part voluntarily in creative, cultural, or expressive activity outside of formal education” Sir Ken Robinson – foreword to ‘Taking it Seriously – youth arts in the real world

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

Spending cuts from government will have an immense and irreparably damaging effect on this sector in the coming years. If a Big Society concept is to work there must be local and grass roots arts organisations that can deliver cost effective provision, however without a level of investment in the costs of running these organisations they will be gone for ever. We have found that our organisation was created as a local authority initiative as a strategic response to an identified need, ie young people and engagement in positive life changing activities. If organisations such as ours disappear it will cost so much more to recreate them at another future point – the need has not disappeared just because the funding has. Unfortunately the arts are seen as an easy target for cuts, however life has to have some highlights, and the arts can give very real skills in creative thinking and resilience which our young people are going to need if they are to step up to the plate for this country in the next decade.

Smaller charities are struggling without local government support, as they find it harder to attract funding from trusts and foundations as demand for their support is intensifying to ridiculous levels. So it is the local, grassroots organisations that are going to die, and the national charities and large scale charities with buildings and staffing resources that will survive.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

Arts organisations do this anyway – especially those working with young people. Partnerships are built specifically to deliver challenging work with young people, and it is not uncommon to find anywhere between five and ten organisations coming together to enable work with young people to take place. These organisations cross many sectors, from the local community police, to social services departments, to local arts venues and arts organisations.

I would advocate combining outcomes of arts and heritage funded projects to fulfil NEET objectives and increase chances for those at the beginning of their careers – increase arts provision and engage disadvantaged groups.

3. What level of public subsidy for the arts and heritage is necessary and sustainable;

For every pound of public subsidy invested in our organisation we lever in another thirteen pounds in additional income, from trusts and foundations, fundraising activities etc. However without that core resource we will not be able to exist to generate this income and opportunities for young people. It is that simple. The more you invest in organisations like ours, the more income will be generated.

It is necessary to fund arts organisation that work with young people because they deliver long-term benefits such as confidence, creative thinking, resilience, positive engagement, employability, transferable skills, community regeneration etc. It is not so much subsidy as investment in the future of this country.
4. Whether the current system, and structure, of funding distribution is the right one;
It is a lottery that’s for sure. The trouble with centralisation is depersonalisation – there needs to be
more funding at a local level, and more distribution at a local level, with more local say in how funding
is spent – rather than large anonymous bureaucratic structures, where you are just a reference number
on a piece of paper, and if you don’t put the right words on the paper, you know that really good
projects that are in response to a very local need, will just get thrown out. The Arts Council have
shifted the emphasis on supporting and advocating for the work that the arts community want to do,
in favour of dictating what we should be doing, how we should be doing it, and being policed by this
ever changing and shifting body. It can’t go on.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and
heritage organisations;
We would hope and expect to see more funding available to grass roots providers – more people are
spending on lottery in recessionary times, so there should be more funding – the Olympics have had a
devastating effect on the arts community – time to redress the balance.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;
In our opinion there needs to be some revision to the emphasis on placing young people’s decisions at
the heart of a funding application. The hardest to reach young people – those surely everyone would
want to benefit from positive creative engagement – are the very least able to contribute to this kind
of process – and yet this is a basis for the rejection of lottery applications. Also we should be able to
apply for funds to spend time doing this work – with less funding to the core resources of any
organisations, time spent developing applications is critical time, very critical time. It also means that
riskier work is in jeopardy – if a funder is not sure exactly what the outcomes will be they struggle to
tick boxes as to whether they can fund the work – so you will get increasingly safe work, and
innovative risk taking work will dwindle.

7. Whether businesses and philanthropists can play a long-term role in funding arts at a national and
local level;
They do to a certain extent, but the government cannot expect them to fill in big holes with funding
they may or may not choose to spend. Why should they? Having said that there does need to be more
help to smaller organisations on the front line to help them to engage these sources of funding.

8. Whether there need to be more Government incentives to encourage private donations.
Yes – tax breaks or similar – they need to see the benefit of investing in the arts and heritage.

August 2010
Written evidence submitted by Birmingham Museums and Art Gallery (arts 29)

1. **Summary Bullet Points**

- The reduction in public sector funding for museums and heritage will result in a diminished sector, a reduction in consumer choice and in the quality of management of significant cultural assets held in trust. Though the economic situation makes retrenchment inevitable, strategic decisions need to be made about what is lost and what sustained.

- If the proposed levels of reductions come into force it will take a considerable length of time to recover to existing levels of provision.

- There are undoubted opportunities to create economies of scale through working collaboratively – if there are sound and practicable business reasons, common objectives, shared ethos, which ensure partnerships are functional and effective.

- A coherent national strategy is needed for the museums sector to guide decisions about allocating resources and prioritising provision. There will be a need to determine how this is lead and delivered.

- Policy guidelines for National Lottery Funding should be reviewed and include consideration of the need to provide revenue funding along the lines of the Arts Council, Revenue Funded Organisations (RFO) system.

- With the abolition of the MLA and the need to determine how its areas of responsibility are managed in future, emphasis should be placed on ‘how’ programmes and functions are managed in addition to ‘who’ does so to ensure greatest energy is given to delivery and disproportionate levels of monitoring and administration are avoided.

- The grouping of Museums, Libraries and Archives together has not to date been entirely effective in encouraging joined up thinking/working and the principle should be reviewed.

- Tax breaks and other financial incentives will be critical to increasing the potential for philanthropic giving. It will be important for local and national Government to retain appropriate levels of investment in the arts and museums and seek to work in partnership businesses and private funders to enable stable funding regimes to flourish.

2. **Birmingham Museums and Art Gallery (BMAG) is one of the largest local authority funded services in Europe.** The present service, established in the latter part of the 19th Century was founded on the principles of philanthropy, civic pride and entrepreneurialism reflected in the museum’s motto ‘*By the gains of Industry we promote art*’. The service currently comprises seven listed buildings including the main Museum and Art Gallery in Chamberlain Square, Aston Hall, one of the finest examples of a Jacobean domestic architecture surviving in the UK, and Soho House, former/18th C home of Matthew Boulton – one of the foremost industrialists and patrons of the arts of his day. The service holds well in excess of 800,000 items in its outstanding collections of fine and decorative
arts, archaeology and historical material that are recognised as being of national and international significance.

2.1 The service welcomed over 850,000 visitors to its sites last year and over 3 million people viewed items from its collections on loan to international museums. Birmingham is the lead for the West Midlands Renaissance hub and was most recently one of the two acquiring partners of the Staffordshire Hoard ensuring that this outstanding historic discovery remained in the West Midlands. Birmingham City Council has made significant investment in the service over the previous ten years which has in turn encouraged investment by HLF and other funders in excess of £50 million. It is estimated that the service accounts for £16 million per annum in secondary spend by its visitors.

2.2 The service will be significantly affected by all areas to be examined by the Culture, Media and Sport Committee.

3. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?

3. Current and future/predicted reductions in funding will have a profound and long-term impact on the UK’s cultural landscape and infrastructure. With most cultural organisations having already seen core budgets reduced over time, it is clear that many smaller and moderate size arts/heritage organisations will be forced to close. Others will face reduced opening hours, and need to consider entrance charges in order to maintain services. The reductions will diminish the UK’s arts and heritage sector which will in turn impact on the country’s economy, in terms of both its tourism and workforce.

3.1 BMAG for example is facing significant reductions in its LA core funding and is consequently reducing the range of public services it delivers in areas such as education, family and community cohesion programmes. Delivery of previously free public services such as temporary exhibitions and provision of education programmes are now reliant on charging in order to be retained, this will present a barrier for many families on low incomes as well as culturally diverse audiences, something that is particularly important in a city such as Birmingham.

3.2 A significant reduction in staffing (the largest overhead) within museums/heritage organisations is inevitable, with an associated loss of professional expertise and experience. This will impact on standards of management of primary assets - collections and buildings, the provision that stems from these, and also the potential for attracting the support of commercial and private sponsors, donors and additional funding from trusts/charities etc. Current and future budget cuts will affect future generations’ access to and understanding of their cultural heritage.

3.3 BMAG has until recent times enjoyed a period of growth supported by investment from both the local authority and the Renaissance in the Regions programme, which accounts for between 12 – 14% of the service’s income since the beginning of this funding stream. This investment has been invaluable and hugely effective in developing and improving service provision and resulted in audiences increasing year on year, enhanced education provision and community engagement. It has enabled the service to become highly effective in levering in additional funds, over £20
million last year including a significant HLF contribution. Renaissance investment has created extra capacity to enable and deliver major capital developments/improvements projects as well as enhanced day to day service provision.

4 What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?

4.1 Governance, management and operational structures are key areas that many cultural organisations will be forced to review as a result of current and impending budget cuts. Arts/heritage organisations however governed may need to consider merging, where applicable become less reliant on local authority funding and more effective at leveraging in support from other funding sources.

4.2 Closer partnership working between arts and heritage organisations is essential if the quality of museum and arts programmes is to be sustained. At BMAG costs for temporary exhibitions and public engagement programmes have been significantly reduced through working in partnership with other publicly funded or independent arts organisations. Museums and arts organisations with the venues for cultural provision but without the budgets to fund programming, will need to work more closely with non venue-based arts organisations seeking a public platform for their work. Museums and arts organisations will need to be more flexible about how their venues are used, becoming more adept at hiring out space to other arts/other organisations as a means of both income generation and maintaining a strong cultural offer.

4.3 Museums and galleries are already exploring opportunities for jointly developing and managing collections as long term partnerships, sharing the costs of management and storage whilst also jointly exploring related commercial opportunities. Such is the model developed by Birmingham Museum and Art Gallery and the Potteries Museum & Art Gallery in relation to the recent acquisition of the Anglo Saxon Staffordshire Hoard.

5 What level of public subsidy for the arts and heritage is necessary and sustainable?

5.1 Sustaining public subsidy is critical. Though many museum/arts/heritage organisations have made significant progress in working more entrepreneurially, public subsidy is crucial to enabling income generation. Determining appropriate funding levels is complex, and needs to take account of such factors as the scale/scope and significance of assets held, geographical location of organisations, population served, local economic environment and how this impacts on income generating potential.

5.2 In the case of most of the largest regional museums services the two most critical funding streams are the funding provided by the Local Authorities and the DCMS Renaissance in the Regions funding. LA funding for museums, arts and cultural provision will inevitably be squeezed as council’s prioritise statutory services. However, there is a case for Government/DCMS articulating the significant and highly tangible value (economic and intrinsic) of cultural provision in terms quality of life, place-making, education and skills, tourism and the visitor economy and encourage LAs to take a strategic approach in sustaining financial support at appropriate levels. Likewise it is critical that Renaissance in the Regions funding continues, and is recognised by DCMS to be a core funding stream and an essential element of public subsidy for the sector. In the case of BMAG it has been crucial to
maintaining and maximising service provision across a range of areas – curatorial, educational and interpretative etc. commensurate with the size and significance of its sites and collections. BMAG makes a key contribution to the local and regional economy through the services delivered.

6. **Whether the current system, and structure, of funding distribution is the right one?**

6.1 The current system of funding provision for the arts and heritage is enormously complex, given the multiplicity of funding sources. A diversity of funding sources and funding streams is not necessarily a disadvantageous position. In the museums sector there are significant variations in the levels of national and local government funding provision for nationals, regional, independent, university museums etc. as well as considerable variations income generating ability and capacity. A national strategy for museums encompassing a review of current funding systems would help enable a more strategic approach to emerge.

6.2 Within the museums sector, the current lack of clarity regarding the shape and scope of Renaissance funding, together with clarity on how the funding will be administered in future presents difficulties in forward-planning, and impacts on maintaining partner funders and stakeholders confidence. However, the principles of funding a ‘Core’ group of museums and the envisaged ‘Challenge’ fund and ‘Museum Development’ will result in more effective use of resources and support partnership working.

7. **What impact the recent changes to the distribution of National Lottery Funds will have on arts and heritage organisations?**

7.1 We welcome the Government’s proposals to restore the percentage of lottery funding going to each of the Arts and Heritage sectors to 20%.

7.2 The bulk of our funding applications go to the Heritage Lottery Fund who we consider to have been very effective in processing and distributing grant aid with minimal bureaucracy.

7.3 However, it would seem beneficial to review the grant programmes and application processes. For example, with regard to the HLF, one change that we would like to see would be the creation of a medium sized grant programme of say, up to £500k. We feel the current system whereby everything above £50k counts as a major award does not address the need for a medium-sized grant stream. The net result is that it is equally onerous to apply for a grant of £200k as it is for one for £2m.

7.4 We would also encourage consideration of a single stage application for grants under £1m given the added bureaucracy of a two stage system.

7.5 Longer-term revenue funding programmes for both Heritage and Arts lotteries should be introduced to ensure that the products of capital investments are maintained and the best value is delivered to users.

8. **Whether the policy guidelines for National Lottery Funding need to be reviewed?**

8.1 We are content with the policy guidelines for the Heritage and Arts Lottery Funds.
8.2 As stated above, most of our suggested improvements are concerned with the scope of the various programmes and the application process.

9. The impact of recent changes to DCMS arm’s-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council?

9.1 Whilst the Museums, Libraries and Archives Council has played an important role in the implementation of Renaissance in the Regions since 2003, the success of Renaissance has primarily emerged from the participant museums enhanced capacity to provide improved, high-quality services to users and the positive outcomes of that delivery on people’s lives. ‘How’ the programme is managed in future rather than ‘who’ does so is the most critical factor. The focus will need to be – minimal bureaucracy and maximum attention to front-line delivery.

9.2 However the MLA did play a role in setting strategic direction and ensuring that museums worked more closely with each other and with other key partners. It is therefore important that in any process of transition, strategic direction and partnership working can be maintained. New mechanisms whereby regional museums communicate and plan strategically on common issues and have the most productive relationship and partnerships with the national museums will be essential.

9.3 Appropriate consultation and dialogue is needed about where the functions MLA has managed transfer to in future (Renaissance, AIL, National Security Advice, Government Indemnity etc). An ‘Arts Council’ solution for some or all elements would require this organisation transforming in character, ethos and raison d’etre etc. Some, but by no means all museums are arts organisations.

10. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?

10.1 Museums undoubtedly have the potential to work more effectively with businesses and philanthropists for the benefit of their users and society in general. As is the case with BMAG, many museum services building and collections were founded and developed through collaborations between philanthropists and ‘local authorities/public funding bodies’. As public funding increased over time, input from private philanthropy reduced. Finding the ways and means to achieve an effective balance of public, private and business sector support is a critical objective.

10.2 BMAG has begun a programme, supported by the MLA, to develop its relationship with the business community and build capacity to be more consistent and strategic in fundraising. This has resulted in increased sponsorship on a small scale, and a more marked increase in leveraging in funds from various funding bodies. The programme (and funding support for this) has enabled BMAG to build the skills and capacity within the organisation to make this progress. It is still the case that many museums service lack the capacity, skills and resource to move in this direction.

11. Whether there needs to be more Government incentives to encourage private donations?
The foundation of Birmingham’s outstanding collections is largely the result of donations of valuable and significant works of art and attest to the importance of philanthropy in this regard. The Museum was also built with the support of wealthy local business people who wished to ensure that the people of Birmingham had access to fine quality collections, a wish that is expressed succinctly in the foundation stone of the gallery ‘by the gains of Industry we promote art’. Our experience is that the donation of significant gifts by individuals in the form of money or art/historical items is now the exception rather than the rule. Likewise there has been a decline in bequests over time. The museum does however receive generous support through long term loans of significant and valuable works of art which enhance the overall quality of the collections on public display – also a form of philanthropy to include in this arena.

11.1 There are a range of tangible incentives and reforms that would aid and encourage private giving including – lifetime legacies, reforms to Gift Aid, donor recognition together with a campaign or ‘education programme’ which encourages not only high-net worth individuals to consider becoming philanthropists. Consideration should be given to ways the Government could ‘incentivise’ volunteering as this is a highly valuable resource within the arts and museums/heritage sector. BMAG for example receives significant support from it’s Friends organisation and through individual volunteers.

11.2 Government incentives to encourage private donations could also be brought about through directing that elements of the funding it allocates to the arts, museums, heritage sector develops skills and capacity in this area.

11.3 If individuals and businesses are to be encouraged to support arts and culture even more proactively, they will expect to do so in partnership with and not instead of local and national government funding.

August 2010
1. **What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;**

1.1. The arts in Northamptonshire are relatively under-developed when compared to the rest of the region, with fewer infrastructural resources and a smaller number of independent arts organisations. Only 6.5% of the organisations regularly funded by the Arts Council England, East Midlands (ACEEM) are based in Northamptonshire, which compares poorly with its 15% of the region’s population (Arts Council Regularly Funded Organisations (RFO), are listed as RFO’s in the paragraphs below). ACEEM has identified a small number of geographical priorities in its current operational plan, of which Northamptonshire is one.

1.2. Funding of the arts in Northamptonshire is generally below the national average, with both local government and the Arts Council providing less support in the county than elsewhere in the region. It can be inferred that this has contributed to a slower development of the arts in the county than in other parts of the East Midlands, since limited resources has the inevitable effect of limiting demand.

1.3. Therefore the spending cuts could potentially mean that some of the infrastructure we do have is threatened or even lost altogether. The social and economic impact of this is hard to determine at this point.

1.4. At county level, archives serves (record offices) and heritage services such as Historic Environment Records are usually financed by county councils. At a time of pressure on public sector finance and the likelihood of councils needing to look very closely at what they can provide within reduced budgets, services that are seen as non-essential are likely to fare badly. The risks are that already small services will be pared down to the point that they cannot operate. This could put the heritage of our country at risk.

1.5. In the case of a Record Office, an authority may decide not to open to the public but it still has a responsibility, statutory in many instances, to look after archives. The buildings in which the collections are housed need to be maintained and the collections need to be cared for. However, if the service is not open to the public, then we are wasting an invaluable asset that can be used to support numerous other key government priorities. Similarly the Historic Environment Record is a heritage asset in its
own right. It is also a vital component of the planning process – if there was no funding to provide a HER, then decisions could be made that would impact on or even destroy some of the historic environment of the country.

1.6. Clearly libraries are a statutory service and remain so, which is welcomed. Libraries have a crucial role in effective audience development for heritage and culture - ie bringing new and diverse audiences to engage with heritage and culture.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

2.1. Eight arts organisations are currently working together through the Strategic Arts Network which is an initiative funded through Arts Council managed funds until March 2012. This has given the key arts organisations the opportunity to establish links and explore economies of scale. The main lesson we have learnt through this project is that it takes time to do this work if organisations do not already know each other. It takes time and investment to develop a culture of partnership working.

2.2. The Royal and Derngate have recently won the tender to run the new Corby Cube theatre the model here is in effect a shared service model, with corporate and back office functions shared across the two venues. We will be watching this with interest to see what lessons can be learned.

3. What level of public subsidy for the arts and heritage is necessary and sustainable?;

3.1. Cultural investment plans have been created with partners by West Northants Development Corporation and North Northants Development Company. We are therefore very clear about priorities for the county with the opportunity to focus on needs in the light of the opportunities afforded by the growth of the county. Cuts to funded organisations limit our ability to respond to these opportunities. We are already starting from a low base.

3.2. Essentially public funding for the arts is required to maintain the ‘non-commercial’ aspects of delivery – the community work, the development of new work, the creation of high quality, original artistic product.

3.3. Public funding is needed to support the services that are of and about the people of this country and their heritage. Everyone has an entitlement to know about their heritage, whether it be of their community, their family or of other communities of interest. Authorities need to be challenged to ensure they are making best use of their heritage resources but also supported in making it easier to access and engage with it.

4. Whether the current system, and structure, of funding distribution is the right one;

4.1. We value the partnership with the Arts Council and of other boroughs and districts. An example is the partnership between Northampton Borough Council, the Arts Council and Northamptonshire County Council to fund key priority organisations in Northampton. This has involved joint review meetings and shared funding agreements. The Arts Council has just made major cuts to its administration any further cuts could be detrimental to its ability to deliver.

4.2. Support for voluntary and independent organisations is very important to help develop their sustainability for the future and a strong business direction. Renaissance is currently delivering this through frontline support for organisations. Specifically in
Northamptonshire, museum development reaches a wide number of organisations across the county. The Renaissance structure in the East Midlands has the opportunity to link local knowledge with a wider strategic view. It is important to link the two perspectives.

4.3. Some streamlining of funding streams would be useful. The link or separation between MLA funding and Renaissance funding sometimes adds to confusion over responsibilities. It could be argued that rather than have separate funding/development agencies such as MLA, Arts Council, Crafts Council, Screen Agencies these could all merge to create a body with responsibility for culture and creative industries development.

4.4. The enquiry needs to note the opportunity for cross skilling of libraries, heritage and cultural staff to bring alive opportunities for self betterment.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1. The change to small grant funding in ACE is welcome. The change to quicken the decision of grants up to 10K has been an improvement. It has enabled smaller projects to be more nimble and quicker to implement. The proposed change by DCMS to restore the national lottery shares for arts, heritage and sport is very welcome. This would ensure that funding is available to offset the pressures from reductions in treasury funding, at a time when organisations and charities really need it to ensure that the public continues to receive high quality experiences that enrich their lives. However, as other funding streams decrease this will inevitably become more competitive.

5.2. The application process in HLF is currently too bureaucratic. Many organisations require support from development workers outside of HLF to develop a structure and capacity to secure funding or to be encouraged to apply this could be simplified.

5.3. We are concerned that currently we do not have a philanthropic culture in the UK and that this would take many years to develop. Private sector investment is already a key aspect of funding but this too has been challenging to maintain in recent times.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1. • Currently the application process is too bureaucratic
• The focus on volunteering is good for independents and the voluntary sector but if there is less local authority and government funding for museums then the application process needs to be made easier for local authority museums.
• The HLF currently will not fund things that it judges should be part of a local authority’s core responsibilities. This will need to change as local government funding is cut. An innovative capital project that in the past might have been taken forward within a local authority is less likely to be from now on. Therefore the judgment about what is or is not ‘core’ needs to change.
• The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;
6.2. The loss of MLA is particularly relevant to these sectors. It is important in the current economic climate that we have a strategic body with these responsibilities sitting within their principal functions. See above for suggestion of mergers between current bodies to create a culture and creative industries development agency.

6.3 It is also important that the following MLA functions are secured:
   - Accreditation scheme. Many museums including volunteer community museums have worked hard to reach the best practise of accreditation standards and need to be reassured.
   - Designation – this is a lifeline for significant regional collections.
   - Government indemnity scheme
   - Acceptance in lieu
   - Representation of the museum/archives sector
   - Renaissance (This funding has addressed a previous chronic underfunding in the sector. Renaissance funding is necessary to continue developing organisations to help improve access to museums for all.)
   - Portable Antiquities Scheme

6.4. It is important to note that arts, museums, libraries and archives all have an important role to play in the implementation of the government’s Big Society. The development of cultural capital is a vital part of building the social capital that is required for the Big Society to thrive. It is important therefore that these sectors are represented at a senior, strategic level within government – albeit at arms length. Any change should be implemented in consultation with local authorities and other key providers to ensure it is fit for purpose. We recognise that rationalisation of what we currently have will have to take place, given the deficit in public funds, but a voice for these sectors and development support and funding is still required.

7. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

7.1. Northamptonshire has had little investment from businesses into the arts in the past. It was considered a ‘cold’ spot for the Nottinghamshire based Arts and Business who made little headway in developing relationships. The organisation most likely to benefit is the Royal & Derngate due to their profile and nature of work, although they have found it difficult to attract private funding in the past, and over the last two years they have seen their business support reduce. In the current economic climate this seems likely to get worse not better. The nature of the arts organisations in the county, apart from the R&D, tend to be low profile and so historically have found it difficult to offer businesses what they are looking for. In terms of philanthropists – we have no history of this sort of financial support in the county and so it would be an uncertain avenue of support for the future and certainly long term. We therefore do not consider they are able to play a role in funding the arts unless there is investment in the short term in developing these relationships alongside incentives to encourage this to take place. We currently do not have a philanthropic culture in the UK. This would take many years to develop

7.2. The cutting edge in arts, and also some work that involves making culture accessible, is unlikely to be funded by philanthropy. Sponsorship may also not be applicable as sponsorship is dependent on a fit with a company’s principles and can also create ethical problems. The American model results in art activity through philanthropic subsidy that is sometimes being restrictively expensive and therefore not accessible to all. It may be important to develop funding from businesses and philanthropists. However this may take many years to become embedded. There are concerns that
while philanthropy may be attractive in London among the bigger institutions with established brand, this is not so for organisations outside of London and relatively small community museums and local authority museums where philanthropy will not make up for cuts in public funding.

7.3. As it is now, funding needs to be a mix from businesses, philanthropists, but also from the public sector.

August 2010
Written evidence submitted by Andrew Welch (arts 31)

1. Introduction

This submission concentrates on the following:

- The Arts Council: whether it is presently constituted appropriately to fund the arts;
- The subsidised regional theatre;
- The role of philanthropy and its potential;

2. Summary of conclusions:

a. The Arts Council has moved away significantly from first principles. It now encompasses not just the professional artists and audiences for these arts but amateur arts, education, disability, diversity, equality and arts enabling organisations. In expanding its scope I believe that ACE has lost sight of its primary purpose. The 2009 Annual Report trumpets ACE “achievements”. This puts the cart before the horse: the achievements that should be trumpeted are those of the artists in receipt of funding. The ACE should be enabling not leading. I believe that this has lead to it being at best asleep on its watch when it comes to the core arts and the regions. For example, the decline in regional theatre audiences and the decline in ACE touring returns during a time when West End audiences increased year on year.

b. The incorporation of the additional areas of activity has meant that ACE’s decisions on its core business are now informed by the policies that the new areas brought with them. It has taken on a mantle that incorporates education and social services which would make the support and encouragement of artists and their audiences be seen through a series of lenses, not unlike varifocals. As a user of varifocals, I can tell you that they induce stumbling. And this is what ACE seems to have been doing.

c. ACE should be relieved of the functions it has acquired subsequent to 1994 (when it became “a development agency for the arts”) and fund only professional arts, artists and artist led companies and concentrate on doing this well;

d. The legitimacy of its policy making is questionable; indeed, should the body funding the arts be making policy for the arts in anything but the widest of terms?

e. The combination of policymaking and the awarding of funds by the only significant arts funding body in the country skews the market, inhibits arts organisations and artists (would organisations bite the hand that feeds them? I know of one chairman of a major arts company who said to me that he would have to accept the ACE preferred candidate for a job because they were the paymasters) and provides the basis for the suspicion that ACE is looking to ensure that politically correct arts are presented across the nation. The ACE should no longer be making “arts policy”;

f. While ACE has significant resources spread across the country, there is a suspicion that a metropolitan view of what should be provided prevails; certainly the metropolis consumes far greater resources per head than elsewhere;
g. Comparison with the not-for-profit theatre sector in North America reveals a healthier, wealthier, much more popular activity than in the comparable theatres in the UK. Better attendance, more activity and more local support are hallmarks of the US experience compared to the UK. This should make us look at our funding structures and thus ACE again. It should also lead arts organisations to explore to what extent they have a responsibility to their audiences.

h. ACE decision making structures need to be looked at so as to ensure that justice is done and seen to be done. More artists need to be involved in ACE decision making.

i. ACE funding agreements and policies disempower arts organisations in ways that are not apparent in the US where donors appear not to try to influence the arts organisations which they support. Perhaps there is a more sophisticated view of the arts there than we in the UK have hitherto supposed.

j. ACE needs to pay attention to the state of regional theatre and give thought to how to encourage this once healthy sector of the theatre business to flourish as it does in North America;

k. Philanthropy can play a much larger role in the arts than hitherto. Better incentives will play a role as will educating the arts organisations to see it as a strength, not a weakness (see the note from the Artistic Director of the Guthrie Theater in Minneapolis which is a footnote to this submission). ACE can play a significant role in helping this to happen.

3. The Arts Council: some thoughts on the Arts Council, the role it has created for itself in the arts, why this may be inappropriate and how it might evolve.

a. The original Maynard Keynes inspired charter of 1946 was replaced in 1994 and the new charter includes the phrase “the national development agency for the arts”. This changed the ACE’s relationship to the arts and its clients. It moved from being a quango which acted as advocate, funder and facilitator of the professional arts to one that had an active role in determining policy for the arts in a much wider context. As it also is responsible for distributing funds to arts organisations, this put it into a position of considerable influence over what arts organisations actually did. This changed the ACE role from being politically neutral to being potentially overtly political and to an organisation that could and does rig the market.

b. It begs the question whether it is appropriate for the ACE to be making policy about the arts when it has no democratic brief to do so. It appears that the DCMS do not attempt to drive ACE policy, at least through the targets which are set. Whether it influences or drives arts policy less formally is not clear. The ACE appears to have no mechanisms which enable it to take regular, frequent and authoritative soundings of what audiences and artists are interested in. It was interesting to see from the recent Theatre Review that artists are unhappy with consultation with the ACE because this would appear to be mainly with producers rather than artists*.

c. Furthermore, it is clear from the 2009 ACE Annual Report that ACE has taken upon itself various social as well as artistic policies which it wishes to see inform the arts that
it funds: diversity, equality etc, not just in achieving statutory requirements but actively pursuing these, perhaps at the financial expense of artistic achievement. Perhaps this is at the behest of the DCMS. In any case, it does raise the suspicion that the funding policies of the ACE are driven by a wish to achieve goals which are not necessarily foremost in the minds of artists and audiences, however well meaning the goals might appear to be.

d. The extension of ACE’s brief has

d. Arts Council Decision Making

1. It is disconcerting for senior staff and non-executive board members in arts organisations to find that the ACE staff is deficient in experienced arts managers and seems to have little real contact with artists. This leads to a suspicion that ACE staff do not understand sufficiently well the processes of running arts businesses, nor what is involved in the creation of art. It is not a question of the arts being rocket science but knowledge of how the businesses work and who plays active roles in making them work is important.

2. There is, of course, a wealth of expertise available to the ACE in the professionals working in the various fields that ACE funds. Actors, visual artists, musicians, theatre managers, gallery directors etc abound. The ACE formerly used specialist panels to consider grant applications. These panels comprised artists and managers who were serviced by ACE departmental staff. All the panellists gave their services. The panels have included actors such as Judi Dench and Timothy West. These panellists provided an expertise for the ACE far beyond the knowledge and experience of the ACE staff. They provided a link to the arts world for ACE staff which was positive. The panellists also attended productions, exhibitions etc and reported on these to the ACE so that the ACE had reports on the work that was being funded or was applying to be funded. The panellists did this for no fee but expenses only, i.e. cost of tickets/ entrance fee + transport. The ACE has recently re-introduced this use of arts professionals to report on arts events. However, it is contracting 300 such people at an annual fee of £1,000 each and will refund expenses incurred. The £300,000 this will cost each year would fund a small theatre company. This is ridiculous when the professionals involved would almost certainly be prepared to give their services, as used to be the case.

3. The abandonment of art form panels in favour of officer made decisions on grants contributed to an atmosphere of suspicion of the way grants were made. Panels may have had disadvantages but the advantages are palpable.

e. Arts Council staffing

1. The ACE staff is comparatively well rewarded financially; employment terms are generous for the arts sector. Comparisons with arts organisations funded by ACE confirm this. Very few arts organisations have been able to offer pension schemes to which the employer contributes, let alone as handsomely as the ACE does. While the ACE should perhaps set an example as a good employer, it is important the ACE remembers the reality of what happens in most arts organisations, many of which exist on a financial knife edge. Rather as the public sector has overtaken the private
sector in pay, terms and conditions, so the ACE has done with the community which it exists to serve. It should also be remembered that arts companies can be volatile commercially speaking and, while subsidised, take risks, so employees of these companies are at risk of losing their jobs should, e.g. their company be forced to close. This is not true of the ACE. And, of course, there are very few performing or visual artists who have the security of a permanent contract and while this is their choice, there needs to be sensitivity shown about this, particularly by the funding body.

2. The 35 hour weeks advertised for ACE middle management posts must seem odd to those actually working in the arts where 6 day weeks are commonplace and unsocial hours are part of what constitutes the work. It must also inhibit the working practices of ACE officers. For example, it must make officer attendance at board meetings of arts companies difficult as these almost always take place in the evenings or at weekends because boards comprise non-executives who work for a living themselves during normal working hours. Does the Arts Council pay officers overtime to attend these, or do they just not go?

3. It is more than unfortunate that the chairmen of the ACE and its regional boards are remunerated but are at no personal risk. The chairmen of the arts companies which the ACE subsidises are not paid are at personal risk but would think it inappropriate that they should be paid when the artists whom they employ receive such poor rewards financially. All give their time to enable artists to create and communities to enjoy the arts. This inappropriate payment of ACE chairmen seems to symbolise the insensitivity that now characterises the relationship of the funding body towards the artists and organisations which it was set up to serve.

4. The Subsidised Theatre

a. The last 15 years have seen a decline in the number of what were called regional repertory theatres and a decline in the number of weeks of productions created by those theatres. In the last 4 years the repertory theatres in Exeter, Basingstoke and Derby have ceased operating as repertory theatres.

b. There has been a significant decline in the number of production weeks mounted by these repertory theatres during the last 20 years. My observation is that whereas 20 years ago these theatres were playing up to 48 weeks of their own work, now it is more likely that they will play about 30 weeks, filling some of the resulting dark weeks with touring shows and co-productions;

c. There has been a decline in the number of people attending productions in the subsidised regional theatres: see ACE’s Theatre Review, 2009. During the same period, the audiences in the West End rose year on year.

d. There has been a substantial increase in funding for these theatres in the years 2000-2006 and the number of people employed by these theatres has risen by 60% during this time. However, this increase in funding has been mirrored by a decrease in the ratio of earned to unearned income from 53% to 49% over the same period. This is in sharp contrast to what is happening in the US where the not for profits
are, largely speaking, in rude health, attracting significantly larger audiences than here.

e. There appears to be a failure to understand the importance of these theatres to the development of a body of excellent actors in this country. We have some of the finest conservatoires in the world, RADA, GSMD and LAMDA spring to mind, which prepare very fine young actors. It is to the despair of those who run actor training that the opportunities for young actors to practise their craft are diminishing all the time with the decline of the repertory theatres. This failure with actors must be mirrored with designers, directors and the other creative staff involved in theatre production. Sadly, the Theatre Review did not touch on the training of young artists and no evidence appears to have been taken from those doing this job.

f. A personal experience has been that the ACE middle management responsible for liaising with theatres and producing companies did not understand how they operate. This was compounded by ACE’s apparent failure to use the unique opportunity of working with these companies to train their staff to understand the dynamics and the business of companies including working with non-executive boards. There is a suspicion that the institution of what is called the “light touch” regime in effect means, inter alia, the ACE staff do not get to learn how the funded companies operate.

g. There is a problem with ACE subsidised touring: theatre companies’ earned income was down from 38% of overall income to 32% in the six year period of the Theatre Review. This indicates that what is being toured is not what the audience wants to see, as with the repertory theatres. The Theatre Review acknowledges there is a problem with touring. I fear that a failure to understand the nature and business of touring lies at the heart of this difficulty.

h. I have a real concern that what the audience is being offered is not a reflection of British theatre and that repertoires are not programmed in such a way as to enable local audiences to enjoy a well balanced diet of theatre. So audiences in the regions may well not have the opportunity to see, say, Shakespeare, Wilde, Sheridan, Goldsmith or Shaw with any degree of frequency or regularity. This is more than just deprivation for local audiences: it is denying them and, particularly young people, the opportunity to experience their national heritage of truly great theatre which, sadly, is less available in the UK regions than in North America. A factor may be the cost of such productions but ACE has many policy imperatives to encourage new writing, writing for diverse audiences, work that reflects the continental European traditions of a more visual theatre etc and, in a system where the policymaker also distributes funding, this can be a powerful imperative to toe the policy line. If this is so, then British audiences are being short changed by the Arts Council. Interestingly, in the US the major regional houses appear to have much better balanced repertoires, e.g. the programme of the Guthrie at Minneapolis, c.f. www.guthrietheater.org, and my hunch is that attendances there are much higher than in the regional theatres here, e.g. the Guthrie plays to over 80% of capacity.

i. Underlying all this is a sense that the Arts Council is promoting an arts agenda which it has generated within itself and that it uses public funds to forward. It is difficult to discover where the roots of its policies lie other than to surmise that
these are drawn from its own officers. The creation of policy which can have such far reaching effects, can go badly wrong and absorb considerable amounts of public funds is worrying. This is especially the case when it would appear that the ACE is not answerable in any meaningful way to anyone.

j. My observation of regional theatres in the major US cities is that they are better resourced, better attended, more at the heart of their communities than their counterparts here. I believe that the US funding system has much to do with this. The support by individuals and corporations but mainly by individuals binds the theatres to their communities in a very positive way. The donors have a real interest and pride in their theatres and become, of course, good advocates of the theatres. This is why, despite the recent financial turmoil, no major regional theatre has closed in the US in the last three years with the exception of the Pasadena Playhouse which was already a financial basket case. This is a sad contrast to our own situation, see 2a above.

5. Whether businesses and philanthropists can play a long-term role at funding arts at national and local level.

1. The answer must be yes as this has happened with many arts organisations that are currently in existence, eg Glyndebourne, Garsington Opera, Chichester Festival Theatre, National Theatre and RSC. But there are also companies in the contemporary field which have encouraged significant donors, Art Angel. However, it has to be accepted that all these are companies which present prestigious work

2. At this point the numbers involved are still small both in terms of people involved and donations. And, most of the companies benefiting are very much metropolitan companies, drawing on the wealth of London.

3. Increasing numbers of donors:

1. Enable more people to become wealthy, to feel they have the funds to donate;
2. Make giving more attractive in tax deductibility and make it as easy as in the US.
3. Incentivise the arts companies: reward them financially for pulling in donors to their endowment funds – this will encourage people to give;
4. explore the idea of encouraging regional donors: perhaps there should be additional incentives for local donations to local arts companies; NB it is interesting to compare Birmingham Rep, serving England’s second city and Chichester Festival Theatre: the Rep attracts almost no personal philanthropy whereas Chichester attracts some £500,000. It would worth exploring why this is the case;
5. encourage arts organisations to identify themselves with their locales;
6. the more donors the companies get, the better they will do because the donors themselves become that company’s best advocates;
7. incentivise the arts companies to employ more development staff: fund these posts and reward success to a limited point – seedcorn funding – to enable them to get up and away;

4. ACE can play a significant role in helping arts organisations to prepare for this change through educating and incentivising their clients.
Footnote:
The following is from an email from Joe Dowling, Artistic Director of the Tyrone Guthrie Theater in Minneapolis. Joe Dowling is Irish and was previously Artistic Director of the Abbey Theatre, Dublin, so he knows the European funding model well:

"I am torn between my long-standing liberal belief that funding for the arts should be a government function and recognising that what I have discovered here is almost certainly better than centralized control that leads to the politically correct excesses you mention. The balance between federal funding, state support, foundation endowment funds, corporate support and individual philanthropy means that you have to work very hard each year to ensure that each of these stakeholders are satisfied with the work and will continue to fund the organization. We have a Development Department with about 20 full time employees working tirelessly to ensure that we can get to our goal. Incidentally, this year our goal is $7 million in contributions from all these sources. We also have an endowment, which fluctuates with the stock market but it funds about a third of our needs. It is currently at about $40 million and we draw 5% interest on that each year. The rest comes from box office.

In the fifteen years since I came here, I have never had the slightest interference in the programming from donors or corporations– and believe me – we have had some controversial and edgy work. American philanthropists are, in the main, more interested in supporting an art form with passion and allow the management to make the artistic decisions."

He goes on to say, a propos the possible change in funding mix of which you talked back in January at the RSA/ACE conference:

"However, the change in culture from State funding to a mixture of government grants and private funding will take some considerable time. The culture cannot be changed overnight and as with most things, there may be a steep learning curve, during which time the government will have to be very clear about the tax advantages in philanthropy. This is an essential spur to giving and it is unlikely that the system here would work without it."

September 2010
Written evidence submitted by Dance UK (arts 32)

This submission is from Dance UK the national membership organisation representing the professional dance sector, (www.danceuk.org). Dance UK has over 1,000 individual members, including choreographers, dancers, students and dance managers, and 200 corporate members including dance companies, vocational dance schools, universities, theatres and dance agencies and support organisations.

This submission is written by Dance UK to represent the experiences of a range of our members working in different scales and geographical areas across the UK.

DANCE – MORE POPULAR THAN EVER IN 2010

- Streetdance 3D the movie, topped the UK box office in its opening weekend, beating Robin Hood starring Russell Crowe and Disney’s summer blockbuster, Prince of Persia. Streetdance 3D took £11 million in its first 5 weeks after opening and has become the most successful lottery funded film ever.

- Dance is the second most popular physical activity for young people after football. (Source PE and School Sport Club Links survey)

- 40% of girls have dropped out of all sports activity by the time they reach 18. However, a survey of over 50,000 year 9 pupils in over 700 schools in the North West of England showed that dance was the top activity for girls outside school.

- Dance as an art form is also growing in popularity. The recent Arts Council England (ACE) review of its regularly funded organizations showed that dance was the fastest growing art form with ACE’s dance portfolio increasing its attendances by 103% over 12 months. (Source: published Arts Council England “Regularly funded organisations: key data from the 2008/09 annual submission” April 2010, by Soheir Dani, Leila Davids, Jonathan Treadway, Yvonne Harris)

- Dance has higher audience satisfaction levels than theatre, musicals or opera, according to the latest Society of London Theatre research published in April 2010. 71% of dance attendees rated their experience as “very good”, compared to an average of 63% across theatre, musicals, dance and opera. (Source: ‘The West End Theatre Audience Report 2010’ produced by the Society of London Theatre in partnership with Ipsos MORI),. link to more info on Dance UK’s website: http://www.danceuk.org/metadot/index.pl?id=26782&isa=DBRow&op=show&dbname=Dance UK&w_id=22563

- Dance offers good value for money. Youth Dance England runs national programmes for just 58p of public investment for each school aged young person. This compares with £38.21 per child for music and £79.47 for school sport.

- Dance helps children learn in many ways and dance companies have created a range of innovative educational projects. For example, Northern Ballet Theatre has devised a unique way of helping primary school pupils engage with mathematics by marrying the subject with dance. Dancing by Numbers will see NBT work with
youngsters aged nine to 11 in five primary schools in Leeds to teach the Curriculum through creative dance.

August 2010
1. **INTRODUCTION**

1.1 The National Campaign for the Arts (NCA) is the UK’s only independent campaigning organisation representing all the arts. It provides a voice for the arts world in all its diversity and seeks to safeguard, promote and develop the arts and win public and political recognition for the importance of the arts as a key element in our national culture.

1.2 The NCA is a membership organisation. To ensure its independence, the NCA does not receive any public subsidy; membership subscriptions provide the core funding to enable it to carry out its vital remit. The NCA represents some 550 organisations and individuals across the UK, ranging from small and medium enterprises to the major, national institutions, umbrella bodies, trade associations and unions. This response has been informed by input from our members.

1.3 The NCA believes that the arts and culture make an important contribution to people’s lives, their communities, their education and to the economy. Through the Manifesto for the Arts published in June 2009 and through briefings for politicians and the press, the NCA has acted as a voice for the arts sector, identifying administrative, practical, and financial issues affecting the arts and working with Government and the sector to find solutions to problems.

1.4 The NCA welcomes the opportunity to inform the Culture, Media and Sport Select Committee’s inquiry, to report on progress made to date and to highlight areas of outstanding concern. The NCA has previously raised concerns with the Committee about deep and swift cuts to the sector. This response has been compiled in order to draw the Committee’s attention to the impact of cuts on the artistic and cultural life of the United Kingdom. We would also welcome the opportunity to provide additional oral evidence to the committee in due course. As the representative organisation of arts sector organisations working the UK we believe we could provide a valuable perspective on the issues covered by this inquiry.

2. **IMPACT OF CUTS**

2.1 The UK’s arts funding model is mixed and formed of funding from central and local government, earned income and private funding (via trusts and foundations and philanthropy). According to figures from Arts &Business, public funding makes up just over half of the art sector’s income, one third of income is self-generated through box office and other earned income while the contribution made by the private sector accounts for one sixth.

2.2 To understand the impact of cuts it is important to understand the difference in reliance on public funding by art forms and organisations. Some art forms are simply more resource-heavy and costly to produce than others, such as opera or ballet for example. For others, such as museums, fixed costs such as care for collections and building costs cannot be magically spirited away. Public funding forms a vital part of the equation when seeking to raise sponsorship money for exhibitions which are costly to mount and insure, let alone securing the necessary levels of funding to maintain free entry. Most of the larger, national arts organisations and museums have adept and efficient marketing and fundraising functions which secure greater levels of earned income and philanthropy. In many cases, the ‘aspirational’ ratio of 30-30-30 to public, earned and private income is surpassed by organisations such as the Royal Opera House and Tate, whose ratio of earned and private income far exceeds their public income.

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1 A copy of the NCA’s Manifesto for the Arts, produced last June following lengthy and open consultations with the arts sector, is available for download here: http://bit.ly/bpO4RP
2.3 The picture is different again for smaller and regional arts organisations, and those community organisations working to deliver to local and community objectives. For reasons of size, location or remit, these organisations are much more reliant on public funding and particularly on local government funding. It is not always as easy for these organisations to augment their income through private donations or business sponsorship.

2.4 Arts Council England (ACE) has already had a 5 percent in-year cut to its grant-in-aid budget, reducing its original 2010/11 budget by £23 million - from £468 million to £445 million. DCMS’ share of the Government’s in-year reduction was 4.1 percent or £88 million. As a result, all ACE Regularly Funded Organisations (RFOs) received a 0.5\(^2\) percent cut, except Arts & Business and Culture Creativity & Education who bore cuts of 4 percent.

2.5 Arts Council has now been asked to model a 25 – 30 percent cut across four years (along with other DCMS funded bodies). 30 percent would amount to a £134 million cut in ACE’s grant-in-aid budget.\(^3\) (Applying the blunt principle of reducing the number of RFOs by 30 percent would equate to the loss of over 200 arts organisations.)

2.6 These cuts are likely to effect smaller, regional organisations more severely. Arts Council has indicated that it will apply cuts equally across the board in the first year, seeing this as the fairest approach to administering cuts in what is expected to be a very short timescale to plan. However, ‘equal pain’ inevitably ends up having an inequitable effect. Some organisations may be fatally damaged, limp on but end up having to fold. This means ACE would have lost the value of its investment in that organisation over that year. ACE is caught between wanting to operate a fair and transparent system, while recognising that some of its investment could end up wasted.

2.7 The NCA is also concerned about cuts at the local level. Museums and galleries for example, are less reliant on subsidy from ACE, and more so on financial support received from their local authorities. Local authorities have flexibility over discretionary budgets and so the impact on arts and cultural expenditure will vary from council, but their budgets are even more vulnerable as all local authorities will be cut by 25 percent. The Spending Review will need to address the impacts of these cuts to the sector too.

2.8 Despite the economic challenges, some of our members have experienced increased popularity and continued success. In 2008-9 there was an increase in attendance at RFOs of 17 percent and a 9.2 percent increase in RFOs rated ‘strong’ or ‘outstanding’ in artistic quality.\(^4\) NESTA has calculated that with Government support, a 4 percent annual growth rate can be achieved in the coming years by the creative industries, double the rate of the rest of the economy, and by 2013 the creative sectors are expected to employ more people than the financial sector.\(^5\) Cuts foreseen in the Comprehensive Spending Review will prematurely halt this growth across the creative industries.

2.9 In addition to the detrimental impact such cuts would have on local economies, we believe Britain’s current ranking of 4\(^{th}\) out of 50 countries in terms of culture and art\(^6\) would also be compromised by such changes. The Prime Minister’s recent pledge at the Serpentine Gallery on

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\(^2\) ACE was able to reduce the immediate impact on the sector due to use of its historic reserves. If this had not been possible, the sector would have been subject to cuts of nearer 3 percent.


\(^4\) Arts Council England Annual Report 2010

\(^5\) NESTA report on Creative Industries, 2009

\(^6\) Nation Brand Index, 2009
12th August to make Britain one of the top five tourist destinations in the world is a timely reminder of the role arts and culture will play in this realising this goal. Moreover, as talent nurtured in theatres and music venues continue to win Oscars, Grammys and other awards of international standing, the UK’s reputation as a centre of excellence will also continue to grow.

2.10 While the arts sector accepts that some cuts are inevitable and understandable in the current climate, deep cuts over a long period would result in the loss of many organisations and a reduction in the ability of the public to see or take part in the arts. It will be the loss of opportunities to the public that will have the most damaging long-term effects.

3. COLLABORATION ACROSS THE SECTOR TO REDUCE REDUPLICATION OF EFFORT

3.1 There are already many instances of collaboration in the sector. For example, Sound and Music was created from the merger of four contemporary music organisations. The initiative was apparently started by looking at 12-15 different small organisations, of which four eventually merged. Admin savings were marginal because the organisations already had very basic admin structures, but the merger led to an improved infrastructure for the new organisation as well as investment of £1.2 million from Arts Council’s ‘Thrive’ programme, some of which went towards providing reserves.

3.2 Examples of collaborative working include NewcastleGateshead Cultural Venues, a group of the 10 major building based organisations in the conurbation. Gains include:

- Digital - more efficient and effective platforms eg through recommendation engines, Social media protocols, Intranets, web visibility, mobile platforms.
- Facilities Management - savings through buying waste recycling, disposal contracts, electricity and other overheads collectively.
- Human Resources – creating a network with larger organisations providing HR support to smaller organisations where their only resort previously would have been lawyers.
- Finance - buying audit or merchant services collectively or individually, sharing practice, looking at developing trends and opportunities eg changing banks because the rates are better, charitable discount for train travel, etc.

3.4 The NCA would like to stress that for many of our members, especially theatres and opera houses, a large proportion of overall cost is due to production, which cannot be squeezed or shared because of the organisation-specific nature of productions.

3.5 For some arts organisations, particularly those working to deliver specific outcomes such as health, social welfare or criminal justice, collaboration with organisations outside the arts sector might prove more fruitful.

3.6 Savings are possible through mergers or collaboration. They are, however, dependent on the strategic and cultural fit of the organisations. Much hangs on the purpose and remit of the organisations and their constitutions and it is important to stress that collaboration or mergers are not always efficient, effective or desirable. Forcing organisations together solely to fit a cost-saving agenda is unlikely to bear fruit in the long run. There are also costs in joining together (such as redundancies) and these should be weighed against the gains. It is salutary to note that when the five Scottish national companies were charged with examining areas of collaboration, the only area they found where this could work was in HR and that involved losing just one post.

7 See: http://soundandmusic.org/about
4. NECESSARY LEVEL OF PUBLIC SUBSIDY

4.1 The UK arts sector thrives because of its mixed funding model. It is neither solely dependent on state aid nor on private giving for its success and as such is a slave to none. For every £1 that the Arts Council invests, an average additional £2 is generated from private and commercial sources, totalling £3 income. At a local level investment can lever five times its worth.8 This is crucial if we are to have a vibrant cultural sector. The ‘arm’s length’ principle delivers artistic independence from the state and state funding ensures that no one wealthy individual can threaten controversial and challenging works with closure by removing their financial backing. Government has a vital role in continuing to support and encourage - and indeed to protect its investment - in this sector.

4.2 As stated in section 2 above, reliance on public funding also varies across art forms and across the sector; while some smaller, more regional organisations such as community based arts projects are almost 100 percent reliant on public funding, larger, national arts organisations are much less so. It is therefore difficult to determine exactly how much public funding is required. However, we do know that the increase in grant-in-aid, revenue funding made available to arts organisations over the last few years has been instrumental in stabilising and strengthening the sector and the rewards from this in the public’s experience of the arts and the UK’s global reputation have been clear.

5. CURRENT FUNDING STRUCTURE

5.1 The NCA supports the existence and remit of Arts Council England on the grounds that public funding for the arts should be distributed by a body operating at arm’s length from the Government, whose responsibility it is to ensure that the funding available supports artistic work of the highest possible quality and makes this accessible to the public. The NCA recognises that ACE is responsible for making strategic funding decisions and supports its right to do so independently.

5.2 One of the key functions of a national, strategic body is to ensure that there is adequate provision of venues and art forms across the country to ensure people have good access to the arts. This requires a national perspective supplemented by good, on-the-ground knowledge of provision and needs in the regions. While there may be ways of delivering efficiencies within a national/regional structure, it will be important to ensure good local knowledge is communicated effectively up the chain and national and central initiatives communicated regionally to ensure decisions are made on the best possible evidence.

5.3 Local government is the second most important funder of the arts, contributing approximately £220.5m in 2009/10 in England and Wales. The degree to which local authority arts services provide support and facilities varies according to the value (actual and potential) that they ascribe to the impact of the arts on local communities. As funding from local authorities is discretionary, each local council or regional authority will have its own system of grant funding. Cultural budgets vary enormously.

5.4 At least 10 percent of all authorities in England and Wales have lost their arts services since 2000. The withdrawal of local authority support and funding for the arts is expected to worsen, as spending cuts are likely to fall heaviest on non-statutory services such as culture and leisure. Many arts organisations are co-funded by ACE and the local authority. In this, ACE plays a vital role in ‘shoring up’ a local authority’s commitment to the arts. The NCA believes that the DCMS should also play a greater part in supporting arts at the local level by highlighting the economic

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and social benefits that arts and culture bring to local places, or by providing incentives or good reasons for local authorities to retain funding.

5.5 The NCA would like to see more flexibility in funding mechanisms. Currently, arts organisations are either regularly funded or they are not. The difference between the two states is absolute, although non-RFOs do have greater access to lottery funds. We know that Arts Council is looking to develop different funding streams which will allow for a greater flexibility in the portfolio. We support this and wait to see further detail.

5.6 We would also like to see more flexibility in the duration of funding agreements. A three year funding cycle is too short for many organisations who have to plan and commit to programmes and expenditure even though there is not always the guarantee that their funding will be secure. For some, it may make sense for funding agreements to be extended to five or even ten years, although long-term or continuous funding should never be seen as an organisation’s right.

5.7 In light of expected spending cuts and changes to the apportionment of National Lottery Shares, the ratio of grant-in-aid to lottery-funding available to ACE to distribute is expected to change from roughly 85:25 to nearer 60:40. This change will have implications on what ACE is able to fund and how, given that different rules apply to lottery funding.

6. IMPACT OF RECENT CHANGES TO NATIONAL LOTTERY SHARES ON ARTS AND HERITAGE ORGANISATIONS

6.1 The diversion of funds from the lottery to the Olympics had a significant, detrimental impact on existing grant funds. The Arts Council England Grants for the Arts fund fell from £83m in 2006/7 to £54m in 2007/8, a reduction of 35 percent. This had a dramatic effect on the sector and caused a hiatus in the development of artists and arts projects.

6.2 The NCA welcomes the Department for Culture, Media and Sport’s commitment to restore the shares of the National Lottery Distribution Fund to 20 percent for each of the good causes of sport, heritage and the arts. This would benefit the arts by 4 percent. The proposed changes would see an increase in the apportionment of shares to 18 percent on 1 April 2011, rising to 20 percent on 1 April 2012. This stepped change would be bearable if any potential cuts to the grant-in-aid budget were not front-loaded. If deeper cuts are made early in the funding cycle, then there is a case for accelerating the increase.

6.3 Lottery funding provides the arts with the ability to reach out beyond their core functions and audiences through projects that have a wider community and societal benefit. Increasing the arts lottery share will ensure that more of these activities can take place.

6.4 The NCA is keen to ensure that the increase in lottery shares is not used as a reason to lower public funding to the arts in future. The principle of additionality must remain, whereby the money provided from the lottery is not seen as a substitute for but a supplement to existing Government spending.

7. WHETHER LOTTERY POLICY GUIDELINES NEED TO BE REVIEWED

7.1 It is important to reiterate the distinction between the type of work supported by core grant-in-aid funding and that supported by Lottery funding which complies with different rules. We believe the current policy guidelines are adequate and do not need to be reviewed.

8. IMPACT OF RECENT CHANGES TO DCMS ARMS’ LENGTH B ODIES
8.1 The NCA would like to draw the Committee’s attention to the significant structural changes that ACE has twice undergone in recent years. These have been the result of efficiency drives among DCMS’ arm’s length bodies. The cuts announced by DCMS and the emphasis on making savings through ACE’s operational budget will force ACE to look inwards once again instead of concentrating its resources on developing the sector.

8.2 These cuts and restructuring exercises now call for a serious and fundamental review of what type of organisation and funding body Arts Council England should be. At present, the expectation seems to be that ACE must simply continue to do all that it does, and more, with much less. This is clearly an insupportable expectation. Arts Council has started exploring this issue and asking these questions of the sector in its consultation on its ten year strategy, which is due to be published later in the autumn. The NCA has responded that ACE should do much more in partnership with other organisations and potentially contract out or delegate work to other organisations that may be better placed, or better networked, to deliver.

8.3 The NCA believes however, that equal thought also needs to be given to DCMS’ own role and remit. It has been some years since the creation of the Department and in that time (as far as we are aware) there has been no serious attempt to address the arms’ length principle and to identify those areas of policy or practice that should remain strictly within the purlieu of ministers and those that should sit in an arm’s length body.

8.4 This becomes even more urgent with the decision taken by ministers earlier this year to abolish the Museums, Libraries and Archives Council and the UK Film Council. For example, many of the MLA’s essential and core functions will need to continue. The NCA suggests that it would make sense for the Department to absorb the responsibility and remit for key statutory functions such as the Government Indemnity Scheme, Acceptance in Lieu and the Reviewing Committee on the Export of Works of Art, while other functions such as improving the standards and efficiencies of museums, libraries or archives could more sensibly be delegated to other agencies.

8.5 We would also like to raise member concerns that in addition to distributing funds, the MLA and Film Council also provided specialist knowledge to practitioners and artists in their field of work. We would therefore like assurances from the DCMS that these functions and support networks will be made available elsewhere.

8.6 This inevitably places Arts Council England in the frontline for potentially assuming more, and wider, responsibilities from both the MLA and UKFC. If this is to be the case, much greater clarity on roles, purpose and objectives needs to be defined, as well as clearer demarcation of remit and responsibility between the department and its agencies.

8.7 The assumption of any additional responsibilities or functions inevitably brings resource implications and requirements. These must be fairly and carefully apportioned to ensure good and effective governance. It will be important to ensure that available Government funds are properly managed especially as DCMS and ACE face their own cuts and staff capacity is reduced.

9. THE ROLE OF PHILANTHROPY

9.1 Philanthropy plays a key role in civil society; it makes the link between the private individual and the public realm. Private giving to the arts, culture and heritage can encourage risk and innovation as it is not constrained by state guidelines. As quoted in the document Private Giving for the Public Good, (of which NCA was a contributor and a signatory) “there are 68 billionaires...
living in Britain and a hundred new millionaires are being created every day”. Nonetheless, “since 1992 charitable giving has actually fallen by 25% as a percentage of GDP.”

9.2 The NCA believes more could and should be done to encourage more private giving into the arts, by the sector and by Government, and we welcome the Minister’s intention to explore this more fully. Nevertheless, we caution against over reliance on the private sector as the panacea to replace government spending.

9.3 We contend that donors - individuals and business alike - want to place their investment in a ‘sound bet’. They want their funding to provide the ‘icing on the cake’ rather than the raw ingredients. Private money tends to follow public funding; it is that element which helps to underscore the confidence in an organisation. Cuts to public funds, therefore, will not necessarily lead to a boost in private giving but could have the opposite effect.

9.4 Many museums and galleries across the UK, including our major national museums, are increasingly reliant on private funding to purchase key acquisitions. Even so, the ability of UK institutions to outbid their rivals from the US or Europe is ever diminishing, with the result that many UK works of art or items of historical value are lost to the nation.

9.5 The NCA further believes that over-reliance on philanthropy runs the risk of marginalising organisations not based in London or other major cities. Of all the money that is donated to culture 65 percent goes to organisations in London. Scotland only receives 7 percent, Wales 3 percent, with the remaining 24 percent spread among the English regions. It is significantly easier for larger and metropolitan organisations to attract funding of private donors. When looking to increase philanthropy, it will be important to recognise the real and significant difficulties faced by smaller, less well-known organisations.

9.6 Finally, it is important to note that while both business and individuals can play a role in arts funding, historically in Britain this funding has been subject to changing interests and priorities of business and individuals. Experience of sponsorship is that it requires a high level of servicing in order to ensure the desired outcome for both business and the arts organisation, so it brings significant costs as well as benefits, again making it only possible and realistic for larger organisations to pursue.

10. TAX INCENTIVES

10.1 Individual giving is a significant and vital source of private income for the arts in the UK but in order to attract this funding it is necessary for tax concessions to be created and made more generous.

10.2 The NCA supports Gift Aid and particularly the retention of the current higher rate tax benefit but the system could be made simpler for organisations to claim. Our own member research showed that a significant proportion of organisations eligible to claim gift aid had not done so because of ‘operational or administrative’ reasons underlining claims that the system is burdensome.

10.3 There is further aspect to Gift Aid and also Payroll Giving Schemes, which is that while some arts organisations are charities, not all are. Many are non-profit companies for which charity status would either not be appropriate or again, administratively burdensome. As legislation currently

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10 Arts & Business Private Investment in Culture Survey 2006/07
11 NCA Private Giving survey, June 2008
stands, only registered charities are able to take advantage of the above measures. The NCA would like to explore initiatives that may allow organisations such as these to benefit from Government incentives to private donors.

10.4 The ability to make lifetime legacies with appropriate tax reliefs would be the single most significant breakthrough. The Acceptance in Lieu scheme provides a model, whereby it would be possible to apply the same principles but to living donors.

10.5 A corporation tax system that promotes start-ups, innovative and high-growth businesses will also be important for the future success of the arts sector.

11. CONCLUSIONS

11.1 Less than 0.1% of the total Treasury Budget is spent on the arts. The current level of funding for the arts costs 17p a week per person. In return we have world-class arts and artists, a sector that gives Britain an international edge as an exciting and creative place to live, work and do business, and the largest cultural economy in the world related to GDP.

11.2 The impact of cuts to the sector will obviously depend on the speed and depth with which they are executed. As we have stated above, the arts sector is not expecting to escape cuts, however the NCA is clear that the health of the sector rests on a fragile ‘ecology’. Large and front-loaded cuts could result in a swift spiral of decline in the sector – not only in audiences, quality and talent, but also in the impact on our creativity as a nation and on Britain’s world standing.

September 2010

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Preface and Executive Summary

1.1 We are grateful to the Chairman of the Committee for being willing to accept evidence at greater length than that indicated. As evidence of the increasingly global environment in which cultural policy operates, it has been co-written from desks on opposite sides of the planet.

1.2 As the authors, we share a substantial background in cultural policy and management in the UK over four decades as senior professionals and as voluntary board members. We have worked for arts organisations large and small, for local authorities of all tiers and scales; as policy makers and funders; in research and teaching in Higher Education. As independent consultants, evaluators and advisers for the last ten years we offer additional international perspective through having undertaken major projects encompassing Western and Eastern Europe and South Africa – in countries undergoing transition and reform even more radical than that currently envisaged in the UK. We also share the experience of having been members of the small advisory team on the arts funding system established in 1990 by the then Minister for the Arts, Richard Luce.

1.3 The structure of our submission begins with the context in which the Committee is asking its questions, including reference to the achievements of government’s investment in the arts since the Second World War and to those aspects of the current structures that seem to us to require reform or renewal in the light of rapidly changing circumstances. We conclude by offering some ‘pointers’ to ways forward for both ongoing Treasury support and for the National Lottery. In a concise (six page) central section, we address each of the Committee’s questions but with clear reference to the foregoing contextual analysis and our concluding proposals for the future. Our evidence is offered to be considered as a whole.

1.4 We should make it clear that while the Inquiry’s ‘Arts and Heritage’ subject is broad, our primary (though by no means exclusive) focus is on the ‘cultural’ dimension of the Department’s remit – the arts and heritage, film, museums and libraries. We will refer at relevant points to media and broadcasting, the creative industries, international relations and education. Although our primary focus is on England, the principles of increased devolution in this field are not questioned.

1.5 While the sector as an engine of economic growth, social cohesion and civil participation is powerful, its ecology is complicated and in certain respects fragile. The necessity for a change agenda is clear. However, there is also a need for this process to be managed and implemented in a way that recognises that the impacts will be different in different parts of the country and in particular areas of specialization, calling for care and strategies that can take account of the varying circumstances, strengths and weaknesses.

1.6 Our analysis of what has gone wrong is challenging, some of our proposals for the future are radical. We have consulted with highly experienced advisers and friends who share our passion that this opportunity for substantial change and reform is grasped – as previous opportunities have not been.

1.7 We submit our evidence in our personal capacities and stand ready to be of further assistance to the Committee in its work.

1.8 Above all of our other recommendations, we ask that the Committee do all in its power to encourage the Government to take the time needed to consider and make long overdue structural change in the inherited structure of Non Departmental Public Bodies (NDPBs).

1.9 We believe that it should be either the Department itself or newly created or authoritatively reconfigured and reconfirmed (NDPBs) that make the funding choices for the next triennium that will
form the foundation for the journey towards 2030, not the rump of existing structures or untried shotgun marriages.

1.10] As an Executive Summary we would emphasise the following points of analysis of the immediate cultural policy context and pointers to the future. A diagrammatic representation of our policy analysis is at the end of our evidence (P.27)

1.11] What that has been achieved under current structures, must we protect?
- The renewal of the cultural patrimony
- London is established as one of a very, very few unquestioned “Global” cities
- A renewed “polycentric” England is emerging based on its major provincial cities
- Cultural diversity is increasingly recognised as a substantial national asset
- High ethical standards have been maintained in cultural management
- There is political and public recognition of the wide roles played in society and economy
- The sector has substantially diversified its sources of income. It is more resilient
- Local Facilities for cultural activities are generally available ‘live and local’

1.12] What that has gone wrong within policy and structures, must we address?
- International responsibilities (and associated opportunities) not currently prioritised.
- National ‘Cultural’ Policy leadership not resourced or provided
- The loss – where it worked – of the English ‘regional’ dimension in cultural programmes
- Participation and Traditions massively undervalued as a bedrock of national cultural life
- The hubris of the over-emphasis on “Cultural Leadership”
- Management cost and failure to deliver savings after substantial transitional costs
- Extent and growth of differentials in pay and conditions between funders and the field
- Substantial use of consultants in addition to core salary costs within the system???

1.13] We emphasise – aligned to the vision of The Big Society – the principle of subsidiarity
- “Nothing should be done by a larger and more complex organization which can be done as well by a smaller and simpler organisation. In other words, any activity which can be performed by a more decentralised entity should be”.
- This locates responsibility for the nation’s core cultural infrastructure with national government
- It locates responsibility for the ‘local’ with families, neighbourhoods and communities and with the local authorities they elect
- It leaves the middle ground – of responsibility for national infrastructure beyond the assets of the ‘global’ capital city to be determined through dialogue at new structural ‘places’ to be created in/with the provinces/cities/regions. NOT determined “top down”

1.14] We argue for the re-creation where they have been lost of truly specialist arms length bodies able to offer the specialist services and knowledge that the sector requires from a nationally and internationally authoritative position

1.15] We suggest consideration of the widening of the statutory duty to provide Library services to a broader (though still well defined) set of cultural purposes and still within permissive powers and with an expectation of co-operation between authorities

1.16] We suggest the introduction – after 2012 - of a single Distributing Agency for the Cultural beneficiaries of the National Lottery overseeing – at arms length – both delegated funds to the nations and to sub-national areas in England and to specialist sub-sectoral distributors.
1.17] We argue for a greater focus within the Department for Culture media and Sport (DCMS) on policy research and on its international and interdepartmental roles with specific reference to education and skills, The Big Society (and its Bank), the creative industries and from the perspective of culture (and whether inter or intra departmentally) Tourism and Broadcasting.

(2) The historical context

(a) Before the current public funding infrastructure was in place

The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called “value in use”, the other “value in exchange”. The things which have the greatest value in use have frequently little or no value in exchange: and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water; but it will purchase scarce anything; scarce anything can be had in exchange for it. A diamond on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it.

Adam Smith. The Wealth of Nations (1776)

2.a.1] Enquiring whether the current system and structure for sustaining the arts and heritage is the ‘right’ one can only be responsibly addressed in both a historical and a wider contemporary context, not least in the light of key inquiry issues (such as specific recent reforms, the National Lottery and philanthropy) as well as broader current economic, social and creative concerns. The landscape framing observed by most NDPBs and by the metropolitan-centric UK ‘national’ press and media is largely dominated by institutions and systems developed within a post-1945 Welfare State context. However, if one takes a longer historical perspective and projects ahead, this may seem more of a British exception than the rule.

2.a.2] The existing cultural infrastructure of the UK is still, to a remarkable extent, the product of a combination of 19th century civic and philanthropic vision and enterprise, encouraged and enabled by Acts of Parliament (e.g. 1845 Museums Act, 1850 Public Libraries Act). This supplemented a small number of publicly accessible facilities in academic institutions (e.g. Fitzwilliam and Dulwich). Competitive pride in the great industrial, trading and commercial cities is at the heart of this. Much of it was prompted by Victorian middle class enthusiasm and paternalism, to provide cultural activities for themselves and their families, as well as to encourage the lower orders to spend any free time they might have on morally uplifting activities and to promote the greater social good.

2.a.3] Donors of public halls and museums/art galleries (these rarely received largesse from the Crown or aristocracy) had a mixture of rationales. Altruism was not always the prevailing motive. Wealthy brewers, distillers and manufacturers with mayoral ambitions during the temperance era or tainted by former associations with slavery, for example, sought the aura of respectability conferred by the arts (consider the names of halls/galleries – Walker, Laing, Mappins, Usher, McEwen, Colston, Tate etc.). This was the age of Thomas Cook’s ‘St Monday’ Temperance Tours. Family time spent in museums in the company of one’s social superiors was time not spent in drinking or in secret meetings to form trade unions and agitate for improved working conditions.

2.a.4] Despite Reformation and Civil War damage to heritage, and constraints for many art forms from Puritanism, the tradition of a public sphere in culture in Britain has always owed more to ‘consensus’ as compared with the Continental ‘hegemonies’ or ruling class. As a patron of the arts, the Church of England could never hold a candle to the Church of Rome. The 18th century ‘Enlightenment’
inspired many citizen initiatives in our great cities to found learned and arts and manufacture-based societies, while The Philharmonic Society, which commissioned Beethoven’s Ninth Symphony, is one of the oldest ‘new’ music societies in the world.

2.a.5] Even if Viscount Melbourne’s laissez faire instincts led him, while PM in 1835, to have uttered ‘God help the Minister that meddles with art’, it is remarkable that the founding principles of the British Museum bestowed by Parliament in 1753 - “to allow visitors to address through objects, both ancient and more recent, questions of contemporary politics and international relations”- are brilliantly alive and well in the museum’s and the BBC’s A History of the World in 100 Objects.

(b) The post-WW2 structures we have become used to

2.a.6] Patterns of commercial provision and touring in the performing arts were inevitably affected by the advent of cinema, radio broadcasting and then television (with the arrival of independent commercial television in 1955 largely putting paid to the BBC as a paternalistic body). At the same time, certain large-scale and labour intensive art forms moved increasingly into ‘market failure’. Perceptions of social and economic justice within the welfare state led to steadily increasing subsidy (although without any substantial effect on audience composition). The market mechanism of distribution operating through ‘consumer sovereignty’ was no longer to be regarded as the sole arbiter of value.

Activities that are good in themselves are good for the economy, and activities that are bad in themselves are bad for the economy. The only intelligible meaning of “benefit to the economy” is the contribution – direct or indirect – the activity makes to the welfare of ordinary citizens.

Studies that purport to measure the economic contribution of the arts….point to the number of jobs created, and the ancillary activities needed to make the activities possible. They add up the incomes that result. Reporting the total with pride, the sponsors hope to persuade us not just that the arts make life better, but that they contribute to something called “the economy”. The analogy illustrates the obvious fallacy. What the exercises measure is not the benefits of the activities they applaud, but their cost; and the value of an activity is not what it costs, but the amount by which its benefit exceeds its costs.

A good economist knows the true value of the arts. John Kay. 11 August 2010, Financial Times

2.a.7] The increasingly ‘mixed’ cultural economy after 1945, with taxpayers as contributors, raised concerns about broader social, economic and geographic access. John Maynard Keynes thought that the Arts Council should act as a midwife, and then ‘wither away’ in time. The current DCMS ministerial commitment to reform over a twenty period of realignment is thinking that is reminiscent of the planning framework that was inherited from the wartime Council for the Encouragement of Music and the Arts (CEMA) in 1946. CEMA was not originally intended to work in London but by the time of the first Treasury letter to the Arts Council of Great Britain (ACGB), it was plain that the principal aim of the new Council was to secure the Royal Opera House – the first of the ‘few but roses’. The vision and advance work of a generation of radical planners (e.g. ‘Plans for an Arts Centre’,1945) who fully understood both the value of the voluntary in society and the central importance of responsive local government was swiftly discarded. Keynes wrote to his Secretary-General, Mary Glasgow on 7th November 1945, “Who on earth foisted this rubbish on us?”.

2.a.8] Keynes’ ambition was to “prime the pump of private spending” with the state as catalyst for a capital programme to create a national network to ensure that artistic performances could be given in properly constructed concert halls, opera houses and theatres. Subsidies to single companies would only be temporary devices, to be treated rather like research and development expenditure. The establishment and growth of ‘national companies’ (which undertook little, if any, national touring) in the post-war period and the ACGB’s unilateral closure of all its regional offices in England by 1956 led
to ever greater disparity in levels of provision between the capital and the regions (further exacerbated through the replacement funding settlement for the arts and museums after the abolition of the GLC and metropolitan county councils in 1986).

2.a.9] Jennie Lee’s white paper *A Policy for the Arts: the first steps* (1965) gave encouragement to the growth of the voluntary Regional Arts Associations (addressing the vacuum left by ACGB’s withdrawal), and the 1972 Local Government Act (Section 145) provided a codification of the permissive powers for all local authority tiers to act and cooperate in cultural provision and policy. The Arts Council’s small capital ‘Housing the Arts’ grants were strategically deployed to encourage the building of modern local theatres; public library provision embraced a wider cultural remit, and the Museums & Galleries Commission (MGC) established a registration scheme which led to an improvement of standards in local museums. The arrival of the National Lottery in 1993 transformed the possibilities for making good the gaps in provision throughout the country.

(c) A simplified Arts and Heritage timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1931</td>
<td>Standing Commission on Museums and Galleries established</td>
</tr>
<tr>
<td>1936</td>
<td>Workers’ Educational Association (WEA) ‘Art for the People’ touring exhibitions in operation. Note BBC established 1933, British Film Institute (BFI) 1934, British Council 1936</td>
</tr>
<tr>
<td>1941</td>
<td>The Council for the Encouragement of Music and the Arts (CEMA) created.</td>
</tr>
<tr>
<td>1946</td>
<td>The Arts Council of Great Britain (ACGB) is established.</td>
</tr>
<tr>
<td>1951</td>
<td>A policy of ‘Few but Roses’</td>
</tr>
<tr>
<td>1956</td>
<td>ACGB closes regional offices inherited from CEMA. South West Arts created in response by local voluntary arts societies and music clubs. Gulbenkian Foundation commission ‘Help for the Arts’ (The Bridges Report)</td>
</tr>
<tr>
<td>1961</td>
<td>North East Association for the Arts founded by Local Authorities and the Private Sector. The second Housing the Arts Report on ‘The Needs of the English Provinces’</td>
</tr>
<tr>
<td>1966</td>
<td>New funds for Experiment in the Arts after the white paper ‘A Policy for the Arts: the First Steps’</td>
</tr>
<tr>
<td>1971</td>
<td>ACGB closure of ‘New Activities Committee’ Report ‘Training Arts Administrators’</td>
</tr>
<tr>
<td>1976</td>
<td>Lord Redcliffe Maud’s report on the Arts in England and Wales (Gulbenkian Foundation) First ACGB Community Arts initiative - led by Marina Vaizey. Creation of the Association for Business Sponsorship of the Arts (ABSA) – in Bath</td>
</tr>
<tr>
<td>1981</td>
<td>Select Committee establishes Inquiry into ‘Public and Private Funding of the Arts’ Research leading to ‘A Hard Fact to Swallow’ points to the disparity in funding between London and the Regions (Policy Studies Institute)</td>
</tr>
<tr>
<td>1986</td>
<td>The Abolition of GLC and MCCs: the Arts protected through transitional/replacement funding</td>
</tr>
</tbody>
</table>
MGC’s museum registration scheme in development
Museum charges imposed

1991  Conservative manifesto commitment to create the National Lottery

1996  Development of ‘Creative Industries’ policies beyond ‘Cultural industries’ definitions
Updated guidance and enhanced museum/gallery standards implemented

2001  Arts Council England (ACE) announces intention to absorb independent Regional Arts Boards
Final Creative Industries Task Force Mapping Document published

2006  New Arts Council Structures ‘consolidated’

2011  New Policies and Structures in place targeting next 20 years

(3)  The contemporary context

(a)  Global and European factors

3.a.1]  We register here our identification of a number of factors and issues that act as a backdrop to, and which will or might or ought to impact substantially on, the radical redefinition of cultural policies and structures in the UK. Despite the additional space granted to us by the Committee, we acknowledge our inability to engage with them adequately.

3.a.2]  Forging a new internationalism

Climate Change
The global recession
Digital connectivity
Growth in tourism
Attraction of Higher Education learners
Export of teaching and training skills
Mobility of skills
Growth in number and importance of festivals and ‘global events’
‘Soft power’ – and making full use of the advantage of English language
The European Union’s limited cultural ‘competence’ and subsidiarity

3.a.3]  Forging a new society

Culturally diverse new Europe and new Commonwealth
Changing family and leisure patterns and spending priorities
Transforming work time and locational patterns
Making new arrangements for education within emerging international, demographic, environmental and economic realities
A new structural unemployment (and the situation for young people in particular)
Ageing but active “Third Age”
Lengthier and increasingly dependent “Fourth Age”

3.a.4]  Facing up to a new economy

Decreasing sovereign debt
The critical importance of London as a global city
The need to enhance economic growth beyond London and the SE
Creativity and creative production of increasing importance within manufacturing and distribution
Greater emphasis on food, water and energy security
Culture and Heritage as a key determinant in tourism decisions
A successful ‘cultural and creative economy’ is highly mixed and largely interdependent
The need for new international markets for UK production (importance of creativity in value chain)

(b) Evaluating the status quo

i) What that has been achieved must we protect?

3.b.i.1] The cultural patrimony renewed
- There has been a very substantial increase in the amount of work made by more artists across all disciplines, whether supported by the public sector or by the public through commercial operations
- There are more and better managed organisations making that work available to a growing public at prices often only made affordable through public financial support
- There are new museums making the heritage of mankind available and accessible to a growing public through maintained free admission policies
- Heritage buildings, landscapes and collections better maintained, better understood and more visited.
- The visual arts have moved confidently beyond the gallery and into the public realm
- The British media continue to produce some of the finest films, television and radio in the world
- The World’s Arts are more available to more people and more enjoyed ‘live’ and digitally
- The World’s Arts are changing rapidly driven principally by technology and international connection and established ‘art form’ divisions are in flux and/or breaking down
- Over 50% of the UK population is involved in participation in an arts or crafts activity

3.b.i.2] London
- An ‘alpha’ Global City
- Major cultural institutions and heritage infrastructure of fundamental importance
- Such ‘major’ institutions include the commercial/private as well as the publicly subsidised
- An international centre for the creative industries
- Thriving mixed economy for the performing arts and film
- Private sector sponsorship makes a major contribution
- Transformed reputation in the contemporary and commercial visual arts
- Role of culture in the Olympic bid and programme
- Huge and celebrated cultural diversity

3.b.i.3] A confidently ‘polycentric’ England
- Renewed confidence in the ‘great cities’ and their city centres beyond the capital
- As in their earlier heydays the arts and heritage are a defining part of those city centres
- This, the greatest achievement of 65 years of public support through existing mechanisms?
- Cultural production now beginning to flourish outside the capital (in twenty years the NE has moved from describing itself as the “third home of the RSC“ to having three shows on/off Broadway)
- Some of the most vigorous provincial cultural production is beginning to flourish in areas which are the most distant from London (e.g. Tyneside, Merseyside, Cornwall)
- It may be no coincidence that these places also have the highest levels of public cultural investment per head outside London and its hinterland (from all sources including the EU Structural Funds)
- There is evidence – within an overall trend still dominated by the move to London and the SE - of significant relocation of artists and other creative professionals in the opposite direction attracted by a lower cost and a higher quality of living
• Plans for an enhanced high speed rail network including seaside towns could support this trend.

3.b.i.4] Recognition – even celebration? – of Cultural Diversity

• There is always more that can be done, but the richness in cultural life that flows from a more diverse population is now part of our national definition of ourselves. The arts Britain – no longer – ignores.
• There is a special case here in the importance of facilities for those communities that wish to maintain connection with the cultures of their countries of origin and to share that culture with their neighbours.
• Balancing the need for separation and integration (and the emergence of new hybrids) is one challenge. Maintaining access to performance and training of the highest standards is another.

3.b.i.5] High ethical standards

• It is a little commented upon phenomenon of public sector cultural management that it is characterised by very high ethical standards. The extremely rare exceptions prove the rule and a telling comparator is found in the complexities of vested interest in sports management and promotion.

3.b.i.6] Recognition of a wider role for the arts

• Although often over-claimed, the role of the sector in important dimensions of the economy – in such areas as tourism and urban and rural regeneration is now acknowledged. The specific role of the arts in the earliest creative phases of the value chain that drives the creative industries is now recognised.
• Definitive evidence for social outcomes and impacts from the engagement of the sector is still elusive, the accumulation of probabilities, particularly in relation to schools and health, is compelling.
• The rejection of the crude deployment of indicators and crude ‘instrumentalisation’ by some NDPBs should not detract from these authentic connections much valued – and paid for from their own budgets - by many colleagues in their own professional work in other mother disciplines.

3.b.i.7] Diversification of income

• The income streams available to the arts and heritage – particularly to those organisations operating independently of government structures – have widened very substantially.
• This is in large part due to the development of engagement and partnerships with other areas of social and economic life where the arts and heritage can make an appropriate ‘instrumental’ contribution to the goals of other professions.
• The funding of arts (and heritage) organisations is now a complex and interdependent ecology.
• Care will be needed – through the imminent funding reductions and changes to minimise the risk of unintended consequences.

| 1. ‘Treasury’ - direct |
| 2. ‘Treasury’ via NDPBs |
| 3. European Union |
| 4. The National Lottery |
| 5. Philanthropy |
| 6. Trusts and Foundations |
| 7. Sponsorship |
| 8. Memberships & Friends |
| 9. Attached endowments, |
| 11. Covenanting/payroll giving |
| 12. Private Equity and capital investment |
| 13. Loans |
| 14. Rights payments |
| 15. Volunteering |
| 16. Nuclear and extended family support |
| 17. Local Authorities’ cultural |
| 19. LAs’ ‘neighbouring’ budgets (Social, Regeneration, Tourism. |
| 20. ‘Distant’ budgets (Prisons, Health) |
| 21. Regional Economic Development |
| 22. Job creation and training |
| 23. Universities and Higher Education |
| 24. Box Office, and cultural sales |
3.b.8] Facilities and activities that keep culture ‘live and local’ and rooted

- The ‘mass participation’ approach pioneered and promoted by Sports NDPBs from their earliest years (always in partnership with the voluntary sector and Local Government) was not adopted in the Arts.
- The umbrella bodies for amateur, voluntary and youth participants in the arts were largely ignored (the NFMS an acknowledged exception), until the active support of the Carnegie UK Trust and the determination of Richard Luce enabled the creation of the Voluntary Arts Network.
- Thanks to the pioneering Arts Centre and Community Arts movements of the 1970s and 1980s new ways of combining participation, presentation, community development and education were developed (attracting international acclaim and interest). Expertise in the design of new spaces, programmes and events where professionals and amateurs can meet and work together has grown.
- Local Government (through the creation of over-arching Leisure and Recreation Departments) developed more comprehensive policies and, through innovative thinking in local library and community centre provision, made space and professional support increasingly available.
- The arts have shown themselves uniquely able to take over and adapt valuable and valued (and often listed) heritage buildings whose original functions have become redundant.
- The ‘mixed use’ community cultural centre has its natural home beyond the ‘city centre’ (home to more specialist facilities and organisations) in small towns, housing estates and in more rural areas.
- The Government’s proposals for a redefinition of Library functions for the future may combine well with lessons learnt in these more widely programmed community spaces.

(ii) What that has gone wrong must we address?

3.b.ii.1] International – responsibility and opportunity.

- While avoiding ‘stuffiness’ we have slipped from promoting ourselves with dignity and pride to the excesses of Cool Britannia.
- The English have yet to learn a proper humility as ‘learners’ in their relations with other cultures.
- We have not participated fully (sometimes not at all) in European and UN agency cultural policy debates and initiatives, even where our leadership is hoped for.
- The great advantage of our dominant language is also a huge disadvantage in our ‘avoidance’ of the very significant cultural (and other) benefits of the multi-lingualism that is now the international norm.

3.b.ii.2] National Policy Leadership

- The concept of ‘culture’ was only introduced into our national structures with the DCMS. Prior to that we had the ‘arts’, ‘culture’ was something other Europeans and ‘native peoples’ had.
• Whether at this – new – level or in the old vertical structures there appears to have been an almost complete absence of the use of research as a basis for policy making. On the other hand good work has been done (for example ‘Taking Part’) that will be able to provide sound benchmarks for the evaluation of programmes moving forward within the emerging overall policies of the Department.

• Major aspects of policy development have consequently tended to be left to Trusts and Foundations – Gulbenkian, Carnegie, Clore – or (more problematically) to ideologically focused ‘Think Tanks’.

• The ambitions of the new administration for a radical re-alignment of the sector over twenty years and a consequent restructuring of NDPBs seems to mandate a clearer policy role for the Department, supported by a research base of its own (not subject to overt or covert advocacy agendas)

• In its national policy oversight role, the DCMS will have an increased inter-departmental role in relation to ‘cultural’ education (including Creativity, Culture and Education [CCE] which is too broad to be located under ACE), skills training, the creative industries, international relations and the Lottery.

• Over-arching policy areas such as the impact of Climate Change, digital connectivity, cultural tourism, or an ageing demography might all be subjects best addressed above the ‘silo’ level.

• We offer three - additional and more specific - cases for research and policy development:
  o The identification of the English language (The World’s Words), in all its diversity of dialects, patois and creoles, as Great Britain’s greatest cultural asset and our greatest cultural contribution to the world with its huge economic, as well as cultural, importance.
  o The persistent failure of too many cultural organisations to break out – or even seriously attempt to breakout - from the ABC1 domination of their visitor/audience/participant base when there are excellent examples of achievement available for study and adaptation.
  o The opportunities to connect creative production within the broadcasting and cultural sectors.

3.b.ii.3] The loss - where it worked - of the ‘regional’ dimension in cultural programmes

• There are parts of the country where – for a mixture of historical, political, geographical and economic reasons – there is authentic cultural identification with an area beyond a local authority but smaller than the nation (London, Yorkshire, North East and South West are probably the clearest examples).

• Already properly recognised in London in the GLA and the government has offered to listen carefully to arguments from other regions’ local support base – bottom up and from a range of sectors.

• The field of culture (including broadcasting) may be a particular case where what was lost through the imposition of a ‘one size fits all’ national structural approach was authentic and greatly valued.

• Space should be left for ‘regions’ to re-emerge in the cultural field, albeit transformed for the challenges of the next twenty years, where they are fully supported locally.

3.b.ii.4] Participation and Traditions

• The notion that an adequate national sports policy would focus only on élite athletes would clearly be nonsensical, yet in this other area of our shared potential as human beings and social animals such an approach has been routinely accepted.

• A subset of this attitude has been the particular disregard of English traditions (cf. in marked contrast with the other UK nations and our own more recently arrived minority cultures) in crafts, music, dance, dialect, rituals, festivals, and metropolitan disdain shown for them.
• Over half the UK adult population is involved in the voluntary arts and crafts – activities undertaken for self-improvement, social networking and leisure, but not primarily for payment. A fundamental part of The Big Society, they should be valued and appropriately supported.

3.b.ii.5] The hubris of “Cultural Leadership”
• In 1970, Professor Roy Shaw struggled to win the Arts Council’s support for training a small number of ‘arts administrators’ each year. The early years of the Clore Foundation’s interest in the field focused on succession planning for a small number of the most senior posts nationally.
• Today we are spending millions of pounds on supporting the professional development of hundreds of ‘cultural leaders’ and Higher Education offers courses to many more – whether in cultural leadership or management.
• This both feeds and reflects the massive growth in middle management posts in the public cultural sector – funders (national and local) and those funded by them. Even without the need for substantial economies, part of this growth seems hard to justify even before the imminent redundancy of posts.

3.b.ii.6] Management cost and the growth of unacceptable differentials in pay
• The pattern of salary scales in the arts (we restrict our observations here to the arts) before 2001 had Arts Council England staff engaged with reference to, or on, civil service contracts. Regional Arts Board (RAB) staff contracted with reference to Local Authority pay scales and conditions. The professional sector beyond that engaged differentially, with its sole benchmark being the available budget.
• A healthy arts management ecology relies on mobility between its sectors and, despite it always having been difficult for people to lose the advantages of externally negotiated pay and conditions, it did happen. (An entire generation of leaders of Regional Bodies and major arts organisations had early experience in the Arts Council as junior officers)
• Successive (five in twenty years) restructurings within the national and regional funding structures have incurred very substantial ‘once off’ costs. Taken together those costs may actually exceed the total of the promoted (though very seldom, if ever, the achieved) year on year savings ‘anticipated’.
• At each successive restructuring the case has been made for ‘increased responsibility’ and mean average salary levels have increased with what appears to be both a pronounced ‘top end skew’ alongside the ‘aggrandisement’ of the Junior Officer ‘desk’ function (now ‘Relationship Manager’) whilst resources to allow such officers to maintain contact with work and organisations in the field have been reduced.
• With the absorption of the RABs into the ‘single unified national structure’ from 2001, all of the newly and substantially expanded Arts Council England staff were contracted on the higher pay grades of the national body.
• At this point any possibility of mobility within the overall ecology of the arts almost completely disappeared.

3.b.ii.7] ….and conditions
• Salary differentials have been observed and commented upon by the sector outwith the Arts Council.
• What is less well known and what has contributed perhaps even more to an unwillingness to leave the funder for the field (i.e. voluntarily) has been the conditions of employment available.
• Any due censure needs to be addressed to the policy makers who, whether knowingly or casually, allowed the differentials in pay and conditions to develop as they have.
• Reports suggest (and we apologise for any inaccuracies here – our research capability is severely limited in the time available) that conditions of service within the Arts Council include – albeit differentially across the grades – provision for:
  o Substantial pension provision
  o Payments for the balance of contracts not completed
3.b.ii.8] .....and cost and ‘life after death’

- After restructuring and the ‘loss of posts’, substantial doubts have been raised as to the extent of cost savings that any single restructuring has actually achieved within the core staff of the Arts Council.
- Beyond these questionable savings are the huge sums of money spent on consultants who have often appeared to be engaged to do work that was previously undertaken within the core.
- On some occasions the consultancies appear to have been awarded to previous – and sometimes very recently previous – employees.
- These statements are made with no implication of any wrong doing on the part of individuals. We point to an ongoing systemic problem and probable failure in responsible oversight.

(c) Summary

3.c.1] Whilst acknowledging the key strategic and leadership role that NDPBs have played at times in the past there has been a consistent tendency to undervalue the key roles played by:

- artists themselves, (and their national and international networking)
- the organisations they have created (often with inspired managers and dedicated, loyal and unremunerated boards)
- local government
- the private sector
- relevant trusts and foundations
- the voluntary sector
- the BBC and other broadcasters

and by potent mixtures of all of the above when they have combined in a common purpose.

3.c.2] There is much to be proud of in what has been achieved by successive national governments, responsible ministries, NDPB’s, Local Government at all tiers, artists, boards, managers, sponsors, philanthropists, foundations and volunteers

3.c.3] We now turn to address the Committee’s specific questions and then, in the final section of this report, we draw on this analysis and those answers to offer some pointers to a possible way forward.

(4) Policy and long-term implementation

(a) What level of public subsidy is necessary and sustainable?

‘Public’ subsidy?

4.a.1] The economic ecology of the arts and heritage throughout the UK is now complex and mixed (as illustrated earlier). To a large degree, the private, public and voluntary are interdependent parts of the environment that sustains what has been achieved. We therefore need to bear in mind that reforms which address particular institutions, or mechanisms which were designed in a different era (or for purposes which may now seem obsolete or obsolescent) may also have resonances or connections with other policy and economic areas that do not come within the more closely defined remit of the DCMS.
“Are you really worth what you cost, or are you merely worthwhile? Are you truly able to accomplish anything that makes a difference, or are you simply an old habit?”

Independent USA enquiry into Museums and their prospects, 1995

4.a.2] The wider interests of members of the Select Committee will doubtless establish this broader context in which the Inquiry’s specific questions are posed and considered. It is reassuring that over the recent General Election campaign, all the major political parties – for the very first time – seemed to acknowledge the importance of the ‘creative industries’ as a dynamic and rapidly growing sector of the UK economy. We must be careful not to confuse the defined DCMS remit with the totality of sources of public (let alone private or commercial) support and subsidy available to the arts and heritage. Great care will be needed to minimise the risk of unintended consequences.

4.a.3] Recent Local Authority data suggests that 2007 was a high water mark in discretionary spending on culture that is now receding. The force majeure of the national approach to budgets at a local level could push a number of authorities to withdraw from non-statutory roles that have been protected and developed since the 1972 Local Government Act. New powers for local communities to ‘save’ local facilities could well legitimise and accelerate this process. There is a substantial reported acceleration in the creation of ‘trust’ structures for previously directly provided facilities (as has already happened in major cases such as Sheffield’s museums and galleries). Grant aid to independent organisations – particularly substantial awards previously made under ‘partnership’ agreements to joint clients with Arts Council – could be particularly vulnerable and these newly ‘independent’ trusts will add to the pressure on national funds such as the Lottery.

Necessity?

4.a.4] Natural heritage, the built heritage and collections of artefacts could be put on a minimum necessary maintenance base. No Performing Arts Company or gallery is, strictly, ‘necessary’. Artists will continue to create, with those who work in forms that require substantial subsidy seeking to raise it privately or (far more likely) work abroad. People of all ages will sing, play instruments, paint, craft, dance, tell stories. They will find spaces to do so.

4.a.5] But once the infrastructure built up over 65 years is lost it will be very difficult to resuscitate. Re-opening buildings (if they still happened to be available), re-skilling staff, re-finding audiences and markets and networks built up over many years will be an expensive and time-consuming business – and the project may fail.

4.a.6] We next consider the ‘necessity of culture’ in the 1982 UNESCO definition.

“… the whole complex of distinctive spiritual, material, intellectual and emotional features that characterize a society or social group. It includes not only arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs.”

4.a.7] In Maslow’s ‘Hierarchy of Human Needs’ (1943) we only encounter ‘culture’ directly at levels 3, 4 and 5 of his celebrated pyramid. This highlight the importance (in ascending level) of family, self-esteem and confidence, creativity, problem solving, absence of prejudice and open-mindedness. Other commentators such as Anthony Storr, have claimed that creativity in its human origins may have been biologically adaptive. Whatever the truth here, there is no doubt that political judgement, at one of the darkest moments in our modern history was for the ‘necessity’ for public funding of the arts in creating
CEMA in 1941 – both to give meaning to life under extreme wartime conditions and as a symbol of the revival of hope for a better world thereafter. Before that war, R. G. Collingwood had addressed “necessity” from a different perspective.

The artist must prophesy not in the sense that he foretells things to come, but in the sense that he tells his audience, at risk of their displeasure, the secrets of their own hearts. His business as an artist is to speak out, to make a clean breast. But what he has to utter is not, as the individualistic theory of art would have us think, his own secrets. As spokesman of his community, the secrets he must utter are theirs. The reason why they need him is that no community altogether knows its own heart; and by failing in this knowledge a community deceives itself on the one subject concerning which ignorance means death.

RG Collingwood’s Principles of Art (1938):

4.a.8] At the opposite extreme are ‘high’ level of international treaty agreements. Under the 1948 Universal Declaration of Human Rights “Everyone has the right freely to participate in the cultural life of the community, and to enjoy the arts” (Article 27) implying some ( unspecified) obligation on democratically elected governments in signatory countries to address issues of production, distribution and access for the whole population. It also obliges us to ensure the highest international standards at our 28 inscribed World Heritage Sites

Sustainable?

4.a.9] Any attempt to define and achieve sustainability in this context would require an overall Government policy framework that authoritatively established a direction forward, and set objectives - and milestones to their achievement - over, say, a twenty year timeframe. At UK and national levels the extent of what is sustained will come down to political judgement as to what is affordable. Scotland, Wales and Northern Ireland will have their own opinions on this, but will also have views on reforms to systems in England which might have UK-wide knock-on implications. Beyond this, sustainability of the sector is massively dependent on the actions of others – partners in public cultural life – in local government, in broadcasting, in schools and Further and Higher Education. For the creative industries, BOP comments

The danger is that while attempts to understand and develop polices for culture are fraught with peril, the alternative is arguably worse. Fragmenting public policy back into ‘the arts’ (essentially subsidised and philanthropically-funded high culture) and the ‘digital and media sectors’ (which are seen as businesses, and hence subject only to market regulation), goes against decades of trying to understand the complexity of cultural production. The case for cultural funding always rests on a variety of social, economic and cultural criteria. Nothing about the current situation changes that. If rebalancing the economy and achieving sustainable growth are the goals, and if we are to deal successfully with social challenges in this new age of austerity, a vibrant cultural and creative sector will be needed more than ever to help see us through


(b) Is the current system and structure of funding distribution is the right one?

4.b.1] Logic suggests that this is extremely unlikely to be the case. The system and structures in use today have evolved over many decades. It was only with the creation of the Department of National Heritage (now the DCMS) that there was a single structure that brought the ‘silos’ together. Nor, has there been – until now – a commitment to a review with a starting point in responsibility for the
cultural life of the whole nation. Such a review then reaches out from that base to the international community, to other government departments and tiers of government, to the constituent professional sectors and to the mass participation base and the audience for broadcast and recorded media that is at the heart of the everyday cultural life of the country.

4.b.2] A cursory glance at the penetration of digital technology, and instant international connectivity, into the cultural as well as learning and social activities of children and young people and an examination of the forward plans of global cultural and media industries suggests that we should all be very wary of looking too far ahead with confidence. However, the suggestion that new structures might be established for the cultural sector that begin from somewhere closer to ‘where we are now’ than where we were 60, 40 or 20 years ago seems a sensible proposition if government is attempting to kick-start a twenty year process of change.

4.b.3] Similar scales of change will be driven by the Government’s different approach within social policy (the Big Society) to the role of local government in relation to communities, neighbourhoods, schools and families. This new social policy environment will require adaptation in cultural organisations ‘on the ground’ and change in the new NDPBs designed to support and fund them.

4.b.4] In economic policy, the acceptance of the importance of the creative industries as a sector with substantial growth potential sits alongside the Prime Minister’s challenge to the Tourism Industry to go for substantially higher targets. In both of these areas the arts and heritage, as well as the media/digital communication industries, play a huge role. Neither industrial sector (nor the technologies that make them possible) could have been imagined when most of the current structural elements of the system were conceived.

4.b.5] Even if these historical, policy and technological imperatives for change were not present, the government’s overall financial policy would necessitate structural change in the cultural NDPBs.

(c) Whether the policy guidelines for National Lottery funding need to be reviewed

4.c.1] Comparative international research into the operation of state authorised lotteries for culture and good causes has a considerable amount to say about ‘additionality’ and ‘substitution’. In the UK there can be no dispute that the original 1993 ‘rules’ agreed by Parliament when the Lottery was created have been eroded, with very considerable substitution having occurred.

4.c.2] The Coalition Government’s rapid increase in the percentages to the arts and heritage is welcome, as is Ministers’ commitment to further restoration, after the London Olympics in 2012, of what has been lost. By then, after almost twenty years of almost exclusively positive experience in funding across the ‘good causes’ and in the light of the impending reforms to NDPBs, there may well be cause to return to the case (discussed during passage of the National Lottery Bill) for a single unified distribution agency – still operating at arm’s length from government

4.c.3] Later in our evidence we address the need for a new Lottery distribution structure for culture to be able to operate at both community level (through appropriate delegation there) and in highly specialist fields such as film, natural heritage, the preservation of objects, the composer, the art historian, the poet, the choreographer, the naval historian, etc. but to do so through the requisite diversity of specialist sub-structures, albeit operating within such a unified agency.

4.c.4] We argue here for the reintroduction, where it has been lost, of the capacity for significant capital grants with the specific purpose of reducing long-term operating costs through innovative investment models and/or through environmental grants to improve energy efficiency.

(d) Could businesses and philanthropy play a long-term role in funding arts at a
national and local level?

(e) Do there need to be more Government incentives to encourage private donations?

4.d/e.1 Again, logic suggests that the answer to the first question must be, yes, and particularly so if a twenty year framework is used. In other economies that share large parts of our personal and business philosophies, they do.

4.d/e.2 Others are more qualified that we are to address the detail but we draw attention to the critical importance of the most up to date evidence of what is happening to the broad base of private philanthropic donation and corporate sponsorship in other developed economies. We particularly cite the USA’s experience - too often casually deployed. It appears that the model of the past decades is breaking down there as the recession’s impact on private wealth intensifies and as corporate and foundation donors turn their attention to more pressing social and environmental goals, and to more clearly measurable outcomes.

4.d/e.3 We also draw attention to issues of ‘national and local level’ and the missing link between them Nationally, sponsorship of the arts and heritage has risen dramatically and those involved in promoting and supporting this growth are to be commended. Nonetheless, the bulk of that success (in terms of sums raised) has been in or near the capital city.

4.d/e.4 Locally, where the vast bulk of sponsorships and donations occur (though each may be small – even tiny) there also appears to have been some growth. Sometimes this has been due to delegated local branch discretion, which could be further encouraged by government – perhaps through The Big Society Bank?.

4.d/e.5 The ‘problem area’ has been and will continue to be in persuading major sponsors and donors to consider projects and organisations outside the capital and the access to influence and the media available there. Any new or renewed agency that might continue to exist with the remit of encouraging growth in this area should specifically target this challenge – or even be provided with incentives to do so. The major organisations in the capital can now more than look after themselves in this regard.

4.d/e.6 In addition to its targeted role at local level it is possible that The Big Society Bank could play a major role in this “intermediate” area in leveraging private sector and philanthropic investment in cultural projects with a strong social engagement, delivering direct and substantial benefit in localities but operating from a ‘multi-authority’ or regional base.

4.d/e.7 Again logic suggests a positive response but the evidence for the likelihood of success here is more mixed. Over the past forty years and more, a substantial number of incentive initiatives have been introduced but with only limited success (e.g. payroll giving, arts cards and vouchers, community foundations, localised sponsorship incentive schemes and planning gain).

4.d/e.8 We are led to believe that that there is not as significant a variation between the USA and UK in relevant tax laws as is often claimed in ignorance. The main difference may be ‘cultural’. One key significant difference is that the USA actively encourages ‘in life giving’ (i.e. legacy donations are tax deductible to provide ‘in lieu cash’, with higher rate benefits going 100% to the giver, not split with the institution concerned).

4.d/e.9 It may take an intervention of this degree of boldness to achieve the scale of change targeted by ministers in the next two decades.

f) What can arts organisations do to work more closely together in order to reduce duplication of effort and to make economies of scale?
4.f.1] Probably a great deal – although the consequent cost savings will vary hugely from organisation to organisation and many parts of the arts (particularly those with a heavy reliance on box office income) will need to maintain competitive as well as co-operative stances.

4.f.2] Many areas of cultural life already operate through or with areas of mutual co-operation within which Libraries would be the oldest example. There is additional current significance through their uniquely – in culture – retaining a statutory responsibility (co-operation now further encouraged through the Government’s pilot programmes recently announced recognising fundamental changes in reading habits and methods). The continuing decline in traditional (i.e. pre-cheaper books and the internet) public library services highlights a substantial capital and asset base that is gradually being adapted to other mixed uses for and by communities.

4.f.3] Might consideration of the extension of the statutory duty in the field of libraries to a wider definition of cultural provision be worthy of examination?

4.f.4] Museum life in some parts of the country (Merseyside, Sheffield and Tyne and Wear) was already operated through combined models even before ‘Renaissance in the Regions’ which, where it has worked, seems to have worked extremely well. In other parts of the country reports are of continued substantial resistance to the transformation of Museums to a full address to the interest of a wide general public despite financial incentives.

4.f.5] Again the assumption promulgated by some commentators that Arts Council England will take over functions from other NDPBs needs independent examination. Some of those other NDPBs have often operated through programmes and structures from which ACE has much to learn and sectors in other parts of the DCMS remit have been tackling issues of improved service on lower resources ‘head on’ for a number of years.

4.f.6] Outwith the DCMS purview are the arrangements between Local Authorities to share functions through Local Economic Partnerships and the maintenance of a “Regional” conversation and lightweight structures through Forums and other mechanisms that bring sectors together within boundaries that have functioned at least adequately for many years. People and sectors within those boundaries are used to talking to each other and to working together on joint projects (often in response to opportunities such as European funding).

4.f.7] The same is true of (the largest or most prominent) cultural organisations in many parts of the country which have come together around issues of audience development, training and policy input to national and regional strategies. The financial reality of the next four years has already induced further conversations around shared back office functions and others – more radical - involving education and outreach work and partnership with smaller organisations.

4.f.8] At a smaller, but highly productive, local level there may also need to be some public support to assist individuals or small-scale operators in the cultural field – say the crafts, or small scale publishing – to come together and co-operate (or network) on economies of scale to get what they produce into wider market circulation.

(5) The impact of current government actions

(a) What impact recent and future spending cuts from central and local Government will have on the arts & heritage at a national and local level;
(b) What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;
(c) The impact of recent changes to the DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;
5.a/b/c.1] Although moderate cuts in expected levels of resources can be a useful reality check for organisations in any field, forcing re-examination and often producing improved service for lower cost, reductions of the scale proposed are bound to result in loss of organisations, productions, employment, visitors and audience. That is acknowledged by government and, to a large extent, accepted by the sector.

5.a/b/c.2] Such a realignment of public finances was clearly signalled during the recent General Election campaign. What the sector will look for is a fair process of decision making, a long-term vision that offers some light at the end of a dark tunnel and (probably new) national agencies/public bodies working with them and with the Department for that long-term rather than engaged in their own turf wars for survival and status.

5.a/b/c.3] We see what has been announced so far as being only a part of the structural reforms and economies in national bureaucracies foreseen by Ministers (both since their time spent in Opposition and, now, by the DCMS itself). We would contend that, with good intelligence and good will, impacts can be lessened and the process of building anew for the future accelerated. Nevertheless, that will require a new agency or, in the short term, some new ‘agent’ or catalyst to assist the debate and the definition of the new field.

5.a/b/c.4] As we argue for radical change, we must therefore also argue for the necessary time to be taken after the announcement of the outcome of the comprehensive spending review to ensure that the changes are well thought through and likely to be an effective improvement.

5.a/b/c.5] Clearly, existing NDPBs have the responsibility – with appropriate guidance – to make funding decisions on the reduced funds available for the transitional year of 2011/12.

5.a/b/c.6] We believe that decisions taken for the triennium from 2012/13 must be arrived at by the new agencies, or NDPBs, or arrangements within the DCMS that will be responsible for the ‘Culture’ remit as a whole and for each of its components (whether geographically and/or specialism based) during those years and looking beyond them, with government, through the lens of a 20 year vision to 2030.

5.a/b/c.7] With such a methodology and timeframe for change in place, there is space and a ‘table’ where the issues of real concern to cultural sub-sector specialists (such as some of those raised by the UK Film Council and bodies concerned with aspects of Natural Heritage) and the geographically-based groupings and funding partners can be properly addressed.

(6) Pointers to the future

(a) Introduction. Subsidiarity and ‘clearing the ground’

6.a.1] In 1983 we observed Merseyside Conservative County Councillor John Last (at the time a member of the Arts Council) as he struggled in conversation with the then Minister for the Arts, Lord Gowrie, to compile a list of cultural organisations (arts and museums) outside the capital city that were unquestionably of ‘national importance’ and, therefore, deserving of the same kind of ‘protected funding’ as their sister organisations in London through the process of the abolition of the GLC and the Metropolitan County Councils. It was a very short list.

6.a.2] In 2010 this is no longer the case. It can perhaps be argued that the greatest achievement of John Major’s National Lottery, supplemented by Treasury funding such as the additional sums provided for theatre, and for museums through ‘Renaissance in the Regions’, has been the transformation of the scale and quality of cultural organisations and their facilities for visitors, artists and audiences in the
major cities outside London. This, in turn, has made possible the undoubted and celebrated role they have played in the economic and social regeneration of those cities. ‘Civic Pride’ has been redefined as the pride that all citizens seem to have re-found in their City Centres.

6.a.3] As argued earlier this is one of the really significant achievements of the arts funding system since the war that needs to be protected through the difficult bridging years of deficit elimination and restructuring. We begin by seeking to ‘clear the ground’ for the debate by extracting the ‘global’ and the ‘local’. We use the important principle of subsidiarity as our guide.

6.a.4] The principle of subsidiarity is a key tenet of Roman Catholic social policy thought. It holds that:

nothing should be done by a larger and more complex organization which can be done as well by a smaller and simpler organisation. In other words, any activity which can be performed by a more decentralised entity should be. The basis of good and sustainable policy is more likely to be bottom-up than top down.

6.a.5] It is most usual in the UK to hear this doctrine applied as a defence of national sovereignty against encroachment by the European Union. We seek to apply it, as we believe the Coalition Government does, in thinking at and below the level of the nation state and in a context where the devolution debate has been resolved for the time being in Scotland and Wales (Northern Ireland is still something of a ‘special case’). We begin by seeking to ‘clear the ground’ for the debate and proposing a new approach to the ‘conundrum’ of London.

(b) The special case of London as a Global City

6.b.1] We suggest that the presence in London of a portfolio of the largest and most internationally important cultural organisations be treated as a supra-national phenomenon requiring address by National Government. The argument around ‘spend per head’ in London and the English Regions (we have already set aside the smaller nations from the argument) has been bedeviled by the ‘case’ of London’s supporters for the ‘national’ companies to be removed from the equation and contrary regional arguments that they should not be. (‘A Hard Fact to Swallow’, Policy Studies Institute).

6.b.2] We propose that, in the emerging international competitive environment between nations, the importance to countries fortunate enough to possess one of the few truly global (capital) cities is now such that it deserves to be treated as a special case. If this were not so before the award of the Olympic Games to London, it is now.

6.b.3] We also share and emphasise Lord Bragg’s view that it should be the proper role of Capital Cities “to irrigate not drain” the nations they serve.

6.b.4] The concentration of international cultural organisations necessarily located in such a city justifies a close relationship with National Government. Such a relationship may also be required to be direct rather than indirect as it is almost impossible in any country to construct a ‘Board or Council’ with sufficient authority, above and beyond that possessed by those of the Institutions themselves, to evaluate, assess or determine funding allocations differentially between them. It can be argued that only National Ministers and Ministries can fulfill this function. It might be possible to add a very small number of cultural organisations to such a portfolio that are almost ‘accidentally’ located outside the capital but still within its cultural hinterland.

6.b.5] From this perspective there is no sufficient difference between The Tate Galleries and The Royal Opera House to justify their differential structural relationships to national government. Were such a portfolio of organisations to be ‘extracted’ from the rest of the national debate it might also help to clarify the responsibility of the Greater London Assembly and the Mayor.
6.b.6] The substantial reduction in DCMS staff need not be an obstacle to such a proposal. The largest cultural organisations are (by far) the easiest to fund responsibly. They can afford to employ excellent artistic leadership and management; they have the profile to attract excellent Boards; they have the history, asset base and inertia to be accepted as ‘there for the long term’. They also have the greatest ability to attract other forms of funding, some never accessible to smaller organisations.

(c) The special case of the “truly local”

6.c.1] Moving to the opposite end of the scale of cultural activity and organisation we are assisted by the clarity of the Prime Minister’s advocacy of The Big Society which, to paraphrase, sees three strands of the Big Society agenda as highly relevant:

Social action.
Government must foster and support a new culture of voluntarism, philanthropy, social action;
Public service reform.
Get rid of the centralised bureaucracies that waste money, sap energy and undermine morale.
Give professionals more freedom, and open up public services to new providers;
Community empowerment
Create communities that are really capable of being in charge of their own destiny, and feel that if they club together and get involved they can shape the world around them;

and three techniques to galvanise them:

Decentralisation.
Push power away from central government to local government and drive it down further to communities, neighbourhoods and individuals;
Transparency.
For people to play a bigger part in society, we need to give them the information to do so;
Providing finance.
Paying public service providers by results. Government has a crucial role to play in connecting private capital to investment in social projects. A Big Society Bank to help finance social enterprises, charities and voluntary groups through intermediaries.

6.c.2] Clearly, the government will intend these principles to apply in the field of local arts and cultural facilities, organisations and activities. They will also, it seems, accept that the answers will be different in different parts of the country. For Local Government the key issue will be one of resources within the competing themes of decentralisation and budget reduction. Just as in London - and as is proper within any system seeking a defensible base in the principles of subsidiarity- there will be robust debate (see later) as to precisely what belongs where, and between ‘in theory’ and ‘in practice’.

(i) The loss of ‘Regions’ and the unreality of ‘Super Regions’

6.d.i.1] The concept of ‘region’, never in England a ‘political’ reality, has been discarded. Government Offices in the Regions have been closed as have the RDAs. The North East of England Referendum decisively rejected the opportunity to pilot a regional tier of government, Regional Cultural Consortia were both created and closed down by the last government and it is difficult to see a justification for the ‘rump’ of remaining regional structures in the cultural sector surviving the scale of reductions in staffing required by government’s instructions on such costs.

6.d.i.2] There is no cultural or economic case for the ‘supra regional’ approach of ‘The Greater North’ (Manchester is a longer journey from Newcastle than London) or, as an example, the Arts Council England grouping that brings Lincoln, Bournemouth and St Ives within the same ‘structure’.

(ii) and yet.....
6.d.ii.1] England is still too large and diverse to be governed effectively and intelligently from Whitehall even if the new government was not committed to radical decentralisation of power downwards from national government departments and their NDPBs.

6.d.ii.2] Equally, no single local authority, even the largest city, under present financial arrangements for local government is able to carry the financial responsibility for the cultural infrastructure of a far wider hinterland by itself. The current regional definitions will remain in place – albeit for a far smaller number of functions.

6.d.ii.3] The acknowledged ‘over heating’ of the economy in London and its growing hinterland that now stretches towards Bristol, Birmingham and Norwich, as well as absorbing the whole of the South and South East, provides a compelling argument for securing the attractiveness of England beyond that catchment zone for investment, and as a place to raise families and make futures.

6.d.ii.4] In culture, the ‘special’ status that we argue for public sector investment in London’s international infrastructure will be seen as exacerbating this problem. The problem is compounded by the achievement of Arts & Business in building sponsorship within this area but its comparative failure to do so elsewhere in the country. 75% of all arts sponsorship nationally is made in London and the South East.

(iii) The cultural case for ‘clusters’ based on the major cities outside London

6.d.iii.1] Government has acknowledged the issues posed by London and its hinterland in general terms and proposed a number of measures which follow through on their commitment to subsidiarity in many areas. No one structural solution is to be applied. Different solutions can be found in different parts of the country.

6.d.iii.2] Local Economic Partnerships are encouraged between local government and business. Where there is a strong consensus in favour of functions previously undertaken by the RDA continuing at a ‘supra-local’ level that case is being listened to and in many areas of the country ‘regional forums of business and local government’ are being created or maintained at that level. The 12 largest cities (it is a slightly strange list that includes Sunderland but excludes Newcastle) are to have (the opportunity to have) Mayors.

6.d.iii.3] Co-operation between local authorities in the cultural sector in many areas of the country is already in place, driven by the desire to improve service and the need to find economies. That impetus is now being substantially encouraged to go further (e.g. the newly announced Libraries Strategy and the Prime Minister’s Serpentine Gallery speech on Tourism and the need to find ‘natural’ clusters where previous boundaries had proved too rigid or did not reflect reality).

6.d.iii.4] In some cases where they have worked well, Regional Museums Hubs have been an outstanding success. The arts have lagged behind but, under the pressure of impending cuts, coalitions of larger organisations are forming, often including museums, film theatres and others of scale.

6.d.iii.5] They become – effectively and potentially – the equivalent portfolio of nationally important large scale organisations in a particular area to that proposed for London. It may be significant that the combined scale of each of these ‘clusters’ places them comfortably, as a group, in a similar category to the major national institutions in London. They will also share international ambitions and networks, and benchmark themselves against international standards. Each may be smaller in scale than their London based counterparts but, culturally, they can punch well above their weight.

6.d.iii.5] These ‘cultural clusters’ are most likely to be city based – whether within a single city or a small group of them. Nevertheless, they will serve (as does London) a wider hinterland from which
visitors and audiences are drawn and with which they identify themselves for activities such as tourism promotion, marketing or training. These are also the natural groupings that are in discussion with each other around sharing costs and improving service in a time of reduced public financial support.

(e) Accepting and welcoming the debate.

6.e.1] There will be vigorous debate within London between those organisations that will have a principal relationship with National Government, those that will relate principally to the Mayor and the GLA and those that will relate to the London Boroughs. Equally, within the London Boroughs and within Local Authorities throughout England, there will be debate about what organisations/activities continue to relate principally to Local Government and which will be addressed and resourced through the new structures enabled by the new emphasis on voluntary and community organisation.

6.e.2] In the case of the ‘Clusters’ of major cultural organisations that we propose throughout the country, we argue that their composition needs to be derived, through subsidiarity, as much from a ‘bottom up’ process involving the organisations themselves and the local authorities representing the publics they principally serve as from the centralised decisions of the DCMS or its (current) NDPBs.

6.e.3] Institutions such as those representing the Business and Voluntary sectors, the Media and Higher Education might also contribute to a consensus on cluster composition. There is an argument that if, after a number of decades of substantial public financial support, cultural organisations at this scale do not enjoy the support of their natural publics, then their continuity of funding should be in question. (We do not apply this argument to smaller, younger organisations, those specifically established to experiment or to individual artists’ practice)

6.e.4] At the beginning of a period of great change, we believe that these debates (around ‘status’ and access to pools of resources that are seen to be larger or more secure) will be difficult but ultimately healthy. Informed instinct also suggests that, on the other side of the debate, a manageable number of ‘natural’ clusters across the country and across museums, heritage and the arts is achievable (and will probably be largely though not exclusively based on existing ‘regional’ groupings and boundaries) and that such a portfolio of clusters could sit comfortably alongside and within funding arrangements for the major National Institutions in London in an appropriately ‘balanced’ national portfolio which would be nationally funded from Treasury sources across a number of years. (The same would be true within each at local authority area but how that debate will be managed is for local determination).

(f) Managing the process

6.f.1] We suggest that the management of the process of debate and consensus building across all of the stakeholder groups involved and across the arts, museums and heritage might be a task for the the DCMS itself or for a time-limited ‘agency’ or ‘Commission’ appointed by the department or – if there is already an emerging decision on the future shape of cultural NDPBs – a ‘start up’ task for those new or newly mandated structures.

6.f.2] We do not believe that existing structures without renewed long-term mandates conceived in response to the challenges of the coming twenty years should have leading roles in this process or be empowered to take decisions that could effectively pre-determine or limit the outcome of the wider and more inclusive processes envisaged.

6.f.3] It is reported that Arts Council England intends a process whereby arts organisations will be asked to apply or bid in January 2011 to be ‘located’ in different parts of a redesigned funding structure which the Arts Council intends to operate from April 2012. It is again reported that decisions on this fundamental restructuring on an existing portfolio would be made by March 2011.
6.f.4] We suggest that the Committee might consider such a process, precipitate and preemptive, and to presume an outcome to a debate on the best national structures for culture in the next twenty years that has yet to begin and which will need to involve many other major stakeholders critical to that future.

(g) National functions and a possible national structure

(i) Planning – positive and negative – some international references

6.g.i.1] We are at the end of an era of big, centralised government, with a Culture Ministry that aspired to implement a broad UK national policy framework for the first time. That has led to NDPBs losing some of their presumed independence (and some of their innocence?) and, in certain cases, respect from their own client constituencies. This has been exacerbated in recent years, ironically perhaps, by a tendency in the larger NDPBs to continue to grow - in size, complexity and self-importance - alongside a failure to deliver on promises, especially with regard to cost cutting. The transition from DCMS framework guidance into strategy and planning, coupled with all the paraphernalia of the ‘audit society’ (‘evidence’, targets, output indicators etc.) has led to an unproductive quantity of bureaucracy and feelings of frustration.

6.g.i.2] In the case of Arts Council England, the recent restructurings have made the – always difficult from the centre – dialogue and partnership with local government even more difficult and fragile. The Coalition Government’s aspiration to remove many of these constraints, together with the opportunity post-2012 to refocus how Lottery distribution will be handled, provide an opportunity to formulate more transparent and empowering ways of energising, trusting and valuing artistic and local effort (individual, community and local authority) throughout the country.

6.g.i.3] It is notable in both Western and Eastern Europe (in response to economic and social change in the one case, to the fall of the Berlin Wall in the other) that reforms to existing, and the creation of new post-socialist cultural policy systems have over the past 20 years borrowed considerably from UK models as did the new post-apartheid structures in South Africa. At the same time, aspects of UK public and private practice have been converging with continental examples. While Britain has in the past generally been more willing to acknowledge that it can learn more from the USA than from our European Union partners (particularly in respect of private and philanthropic practice), there are substantial lessons to be learned from comparison with, for example, the Netherlands, Sweden, Italy and France.

The Netherlands

6.g.i.4] The Netherlands’ government from the mid-1990s moved from providing across-the-board grant-aid to cultural organisations to a four-year contractual offer based on financial incentives. Cultural organisations were encouraged to become more independent financially and to develop their markets. They were called upon to cater for the needs of a new, young audience and to an increasing population of immigrants. In addition to the role of the state, private initiative and funding were welcomed and more actively encouraged. Nevertheless, the government still subscribes to the view that “the state should distance itself from value judgements in the arts and science.”

France

6.g.i.5] Although the statist French system is radically different from the British arm’s length model, there are useful lessons to be drawn from it. Their ‘Paris problem’ is probably even greater than our ‘London conundrum’ and both houses of the French Parliament have, over the past twenty years, engaged seriously with a déconcentration of cultural policy and funding responsibility. Through the cooperative structures evolved between the Culture Ministry and other tiers of government, the arts and heritage now play a serious role in regional economic and social planning. This decentralisation is
achieved through creating a network of cultural affairs professionals that collaborates with the regional and local authorities to draw up plans and funding contracts (that include start-up grants for the creative industries). The objectives of the policy are:

- to strengthen the infrastructure
- to bring cultural activity closer to citizens
- to create new partnerships between the cultural and artistic institutions and professionals in the socio-educational sector.

6.g.i.6] Binding seven year contracts for the funding and operation of cultural facilities and organisations can extend beyond the lifetime of any particular government, while the involvement of the Ministry of Culture ensures a responsible continuous inspectorate, supervisory and quality assurance role. City contracts define joint initiatives between different government ministries and the local authority to address specific issues, e.g. economic, social or urban problems. Both types of contract often include a cultural development dimension. The involvement of the Ministry (with a substantial and longstanding commitment to high quality research) also assists the quality of professional and public debate on policy issues.

**The United Kingdom**

6.g.i.7] The UK was cited in a 2001 Council of Europe study as the prime example of the difficulty of achieving genuine cultural policy decentralisation within a unitary and majoritarian political system. Centralist control tendencies were seen as having prevailed and undermined intended processes of decentralisation in a rather opaque and anti-democratic way, while the constitutional lack of regional or local legislative competence curtailed decentralisation efforts, and even facilitated a centralist concentration of power through the devolution process (despite the political and managerial rhetoric implying the opposite).

6.g.i.8] The new government has set itself the difficult task of reconciling the clarity of its overall policies with the commitment to be responsive to local initiative and to the views expressed by local authorities choosing to work together in areas beyond their individual competence but below the level at which the centre should properly be acting unilaterally. In the cultural field the new arrangements that are made for NDPBs beyond a much smaller DCMS will be the key to this achievement.

(ii) The challenge of ‘unity in diversity’

6.g.ii.1] The differing specialist focus of the UK’s NDPBs, coupled with the fact that the library service is the only statutory cultural function laid upon local government, has made it almost impossible to secure any sensible measure of coherence, comparability or quality assurance through the Department itself, let alone through and/or with its NDPBs. This problem exists in relation to both issues of relationship with the different parts of the country and between the different specialisms within the overall ‘cultural remit’. In England, the extent of the structural separation of film was probably a mistake. In Creative Scotland there could be the equivalent risk of the isolation of museums and heritage.

6.g.ii.2] The French system has the merits of coherence, comparability and a degree of transparency whilst seeming far too centralised for British application. The experience of the survival and development of the sector in the demanding environment of South Africa illustrates how much (and in some instances how little) can be achieved where structures and plans – where they exist – are substantially detached from both resources and reality in a fifteen year old nation with eleven official languages and the same population as England spread across a land mass the size of France, Germany and Italy combined.

6.g.ii.3] The residual question facing UK government here is, therefore, how to facilitate a ‘sufficient coherence’ in national provision and oversight geographically and ‘culturally’ without being too
'directive' and allowing free rein to local variation and structural space for specialism at a time of substantial reduction in resources?

(iii) The challenge of achieving a secure agreement on a core national cultural infrastructure

6.g.iii.1] We anticipate vigorous debate as to the nature and number and cost of the portfolio that will constitute any area’s core infrastructure of cultural organisations for any given ‘contractual’ period. There is also the challenge of the Government’s desire for flexibility in the nature of the groupings of local authorities that will choose to work together and the need for national coverage.

6.g.iii.2] Our experience suggests that this latter problem will be much more manageable in practice than in prospect outside the ongoing challenge of the expanding ‘South, South East and East’ around London and longstanding questions surrounding issues such as historic Cumberland and Westmoreland or recent questions (as raised by the Prime Minister in his tourism speech about natural groupings such as ‘The Cotswolds’)

(iv) The challenge of national funding for the local project

6.g.iv.1] We have made the assumption that a National Treasury funding stream in culture will not be used to fund local activity. We see this challenge being addressed by cross sectoral Lottery funding and commend the simplicity and clarity of the model developed by the Heritage Lottery Fund (HLF) for this purpose.

6.g.iv.2] Their budgets for sums up to £1 million are delegated on a per capita basis to the nine English Regional and three ‘Country’ committees. Within these allocations, authority for decisions up to £50,000 rests with the relevant Director, above that (up to £1 million) with the committees. These regional committees also play a very significant role in advising HLF nationally on major grants.

6.g.iv.3] We believe that this system is generally seen as ‘fair’ as it provides regions with smaller budget allocations an equal opportunity to bid for larger grants into the substantial nationally retained sum. The perceived success is held to be rooted in objective and consistent case assessment and a high level of respect between committees and the HLF’s Board of Trustees.

(v) The challenge of national funding for the specialist project

6.g.v.1] As discussed earlier the professional and economic ecology of culture, heritage and the creative industries is complex. There is a real risk of rapid reform having unforeseen and negative long-term side-effects here. This is particularly true in the area of the funding of specialism (beyond institutions). Currently both Treasury and lottery streams are involved and NDPBs/Lottery distributors carry out both generalist (community benefit/ access) and specialist funding functions.

6.g.v.2] Our suggestion – once the responsibility for the contractual funding of major cultural organisations is located elsewhere – is to return NDPBs to their original more ‘specialist’ functions at arm’s length from government; much smaller, more expert and informed by a judicious mixture of national (and international) peer group mechanisms and relevant local knowledge on a case by case basis.

6.g.v.3] As an example, we would return Arts Council England to this heartland function of its most effective period of influence and able to draw fully on the expertise of the major organisations (now funded elsewhere and – probably – barred from application for additional projects to flexible funds). Support for individual artists and smaller projects (developmental, experimental etc.) would be direct or via specific art form ‘agencies’ working within service level agreements for specified periods of time. Such a role justifies and requires the ‘arm’s length’ and this focus would be in line with the conclusions
of the critical Reports on ACE by Sir Brian McMaster and Baroness Mackintosh with their emphasis on artistic work and restoring lost confidence through peer group assessment.

6.g.v.4] Similar ‘specialist’ structures (whether entirely separate or sharing some back office functions) would apply in fields such as film investment, archives and heritage – natural, built and collected. Such structures might justify, and require, a mixture of Treasury and Lottery stream funding.

(iii) Summary

Whilst there are of course numerous cases of connection between:

• specialist areas
• each of them and the components of the national cultural organisation infrastructure
• specialist areas and major cultural organizations and local and community activity

this broad ‘division of national labour’ between:

• Cultural research policy and planning
• Funding the national cultural organisational infrastructure
• Funding local and community cultural activity
• Funding specialist cultural functions

would serve the country and its cultural life better in the next twenty years than the structures we have become used to as they have evolved in the last 65.
Direction Functional analysis

**National roles – Policy, oversight and funding and contracting the major organisations**

We have suggested a small number of key functions for the National tier – whether directly from the Department or through a new or adjusted NDPB structure in the long term (after the current period of restructuring and re-direction). The nature of these functions strongly suggests a base in Treasury funding.

- Research, Policy and Accountability
- International functions
- Oversight (through overall cultural remit) of economic policy connections and synergies – creative industries, tourism, skills training,
- Oversight of interaction between culture and education (including NDPBs)
- Oversight of Lottery streams and distribution
- Funding the International Portfolio in London through long term contracts
- Funding portfolios of major organisations in cultural clusters/provincial portfolios through long term contracts that combine with the major London organisations to produce a national cultural infrastructure
- Liaison with emerging provincial/regional representative groupings in the sector

The limited nature of these national functions and the essential similarity of the organisations (across the mixed portfolios) strongly suggests the possibility of a single strategic funding NDPB – sitting alongside the much smaller strategic Ministry if one is needed at all.

**The structural meeting point**

A place where the centre needs to be able to dialogue with the whole of England (and the other nations). Impossible for such contact to be directly to local government or to individual arts organisations

Arrangements for local co-operation derived ‘bottom up’ are already emerging in most of the country.

A small number of services sensible to share at this level will evolve through internal co-operation

Lottery funding will service small and medium organisations that operate at this level and funds should be delegated to this level for that purpose

**The Specialist functions**

There are a range of specialist functions in each area of the DCMS remit that impact internationally, nationally, sub-nationally, in specialist institutions or locally.

These functions require specialist expertise and should be extracted from the DCMS Treasury streams or the general remits of the Lottery.

This is the true home of the expert NDPB operating at arms length from government whether taking decisions on funding artists, scientists or heritage artefacts.

Allocations are made to the NDPB for agreed purposes and oversight and evaluation is provided.
The Truly Local
A modest cultural competence can be added to emerging LEP/Forum structures.
Local Government will continue to have major roles in the provision – directly and indirectly – of local cultural facilities, festivals and programmes.
Lottery funding will combine with local and private/philanthropic sources to support small and medium scale organisations and events at this level and ‘below’, reaching to neighbourhoods.

The Truly Specialist
The cultural sector is in many ways as diverse and specialist and international (and competitive) as science or elite sport.
The identification, nurture and development of outstanding talent; the identification and protection of the extraordinary in the natural or built environment; the preservation and curation of precious and fragile artefacts are of critical importance to the cultural life of the nation and our international standing – as judged by our international peers.

The Authors

Christopher Gordon
Christopher Gordon is an authority on, and evaluator of, European cultural policies. An independent arts consultant and trainer, formerly Chief Executive of the English Regional Arts Boards. Prior to that he was County Arts Officer for Hampshire, Senior Arts Officer at the London Borough of Camden, managed a London theatre, organised music festivals, and was a music officer at the Arts Council of Great Britain (running opera tours).

He chaired the Council of Europe’s evaluation of cultural policy in Latvia (1998), and wrote the Reports on Italy (1994/95) and Cyprus (2003/04); currently leading on their evaluation of Turkey. UNESCO in 2001 published his critical review of cultural policy evaluation processes. Treasurer of the European Forum for the Arts and Heritage for three years (1997-2000). Since becoming freelance in 2000, projects have included work for the European Cultural Foundation in the former Yugoslavia, the European Union (research into cultural policy/social inclusion and Parliamentary advice), UK regional government and the government of Dubai (2007).

Christopher is a visiting professor at the University of Bologna, President of the Fondazione Fitzcarraldo (Turin) and of the Brussels-based Fondation Marcel Hicter’s European Diploma in cultural management. He also teaches part-time at London City University. Locally, he has been on the University of Southampton’s governing Council and a governor of Winchester School of Art, chairs the Hampshire Sculpture Trust, and is a member of Winchester Cathedral’s Fabric Committee. Since 2009 a Trustee of the Park Lane Group, which promotes the careers of talented young musicians.

Peter Stark
Peter Stark OBE is an internationally acknowledged expert in cultural policy research, cultural leadership and management and in the design of programmes and facilities addressing the role of the arts in economic and social regeneration whether at regional, city or community level. He has been based in South Africa since 2000 working principally in Inner City Johannesburg – working on the Newtown
Cultural Precinct and for Wits University - and the Eastern Cape from where he now operates The Swallows Partnership/Sihlanganiswa Ziinkonjane linking that Province and North East England through the arts, museums, libraries and film. (www.theswallowspartnership.com)

From 1984, as Director of Northern Arts, he initiated the policies that led to the Gateshead Quays developments and the culturally led transformation of his native Tyneside – including The Gateshead Millennium Bridge, the Baltic Visual Arts Centre and The Sage Gateshead during the design and development of which he served as Special Projects Adviser to Gateshead Council. His earlier career was in experimental and community arts – serving on numerous Arts Council Committees in the late 1960s and 70s - as a cultural management teacher and as founding Director of both South Hill Park Community Arts Centre in Bracknell and the Voluntary Arts Network.

Peter was awarded the OBE in 1990 for his work at Northern Arts and a Chair at Northumbria University in 2000. He was made an Honorary Professor of Cultural Policy and Management at Nelson Mandela Metropolitan University in 2008.

Glossary

A&B        Arts and Business
ABSA      Association for Business Sponsorship in the Arts
ACGB     Arts Council of Great Britain
ACE     Arts Council England
CEMA   Council for the Encouragement of Music and the Arts
EH     English Heritage
EU     European Union
GLA   Greater London Authority
GLC   Greater London Council
HLF   Heritage Lottery Fund
IPR   Intellectual property rights
LAs   Local authorities
LEP   Local economic partnership
MCCs  Metropolitan county councils
NDPBs  non-departmental public bodies
NFMS  National Federation of Music Societies (now rebranded ‘Making Music’)
NHMF  National Heritage Memorial Fund
RDA  Regional Development Agency
RSC  Royal Shakespeare Company
WEA  Workers’ Educational Association

September 2010
Written evidence submitted by the Greater London Authority (GLA) (arts 35)

Introduction

1. The Greater London Authority welcomes the opportunity to respond to the select committee’s inquiry. This submission highlights the Mayor’s and GLA’s key concerns and recommendations.

2. DCMS has asked all its funded bodies – the Arts Council, the national museums and galleries and key heritage bodies – to explain what 20-40% cuts would mean. Jeremy Hunt has sent proposals to the Treasury and proposed to cut DCMS’s own administration budget by 50%. The Mayor’s position is that cuts need to be made, but must be proportionate and managed intelligently.

3. Many arts and heritage organisations in London face a tipping point of around 10-15% - more drastic cuts would put many out of business. Smaller organisations are particularly vulnerable and do not or cannot operate significant reserves.

4. The Mayor recognises the need for spending restraint and that the arts and heritage sectors should not be ring-fenced from cuts. However, he is committed to ensuring continued support for a thriving cultural scene in London; one that is sustained by a mixed economy of private and public investment.

Preserving the Mixed Funding Model

5. The Mayor believes in a mixed funding model for arts and heritage. It is important to recognise that private and public funding are not simply inter-changeable – rather, they encourage one another, with public funds being an effective way of leveraging greater private investment. For every pound of public investment, cultural organisations are able to earn or raise considerably more. For example, for every £1 the Arts Council puts in, £2 is pulled in from elsewhere, totalling £3 in income to the dance company or theatre house. The institutions that have thrived in recent years are those that have been the most entrepreneurial and adept at achieving this mixed economy model. Public investment is crucial to supporting a diverse, risk taking sector. Without it the ability to innovate and retain our leading edge will be undermined.

Recommendation

- That the government encourages and supports the strengthening of the mixed funding model and accepts that a mix of philanthropy, corporate sponsorship and public subsidy is essential if we are to preserve both the immediate and long term health of the arts and heritage.

Intelligent Cuts and the Triple Whammy

6. The Mayor does not believe that the arts or heritage should be exempt from public spending cuts. It is important to recognise however that the level of cuts being considered for the cultural sector will not be achieved through efficiency savings or slashing administration costs alone. While there will inevitably be pockets of waste these will not be sufficient to meet the scale of the challenge and programmes and activity will suffer. For this reason, cuts should be proportionate and not frontloaded.
This will give time to the arts sector to adapt to a new funding environment and help preserve a world-class arts infrastructure, which has developed over a number of years.

Recommendations

- It is crucial that DCMS takes into consideration the ‘bigger picture’ for cultural organisations when making cuts. It is the case that many arts and heritage organisations will already be experiencing a drop in financial support from private sponsorship and be preparing for cuts from local government too.

- We recommend that DCMS manage cuts intelligently and in stages. For example the Arts Council have suggested to their Regularly Funded Organisations to model a minimum 10% funding cut in year one (2011/12), which is separated from the next stage of up to 30% cuts over the following two years (2012/2013-2014/2015) allowing a transition year to plan a new approach. Phasing the cuts is one way of mitigating against a potentially ‘perfect storm’ of concurrent government, local authority and private sector reductions.

Value of culture

7. London’s culture makes a vital contribution to the quality of Londoner’s lives and social wellbeing. It also contributes to the national economy and enhances London’s position as a world leader in many respects. Public sector agencies across London recognise the value of culture and invest in programmes and projects which are proven to encourage enterprise, skills, business promotion, education, employment, regeneration and social inclusion.

Recommendation

- That government take into consideration the impact of cuts on the wider social and economic landscape and maintain a sustainable level of investment by which innovation can thrive.

Myths about the capital

8. No doubt there are many people around the UK who believe that London will easily cope with the downturn and that its arts and cultural sector does not need support. This is untrue.

9. The capital is the flagship centre of the arts and heritage in Britain, a magnet for tourism and the driver for creative industries across the UK. In total arts organisations in London receive 69 per cent of all private funding in the UK, worth £449 million in 2008. However, there is now a clear danger that London could be exposed as investment from private sponsorship has started to decline and the capital could take a disproportionate hit. Total private investment in London in the last year has fallen by eight per cent from its previous, a record-high figure of £477 million. This is a drop that is in line with the UK as a whole, which saw a decrease of seven per cent.

10. As well as support from strategic funding agencies like the Arts Council or Heritage Lottery Fund, local boroughs provide significant public subsidy. This is not always recognised. Local authority funding made a revenue investment in 2008/09 of over...
£400m. However, culture is not statutory and so in the face of falling tax revenues, reduced funding from central government and increasing demands on many of their services, many fear that they will struggle to maintain the same levels of support for the sector in the years ahead.

11. London is home to many of the national institutions and therefore receives the bulk of public funding. However, London is not homogenous; the level of cultural provision and local funding differs greatly from borough to borough.

12. It is worth noting that the biggest disparity in levels of arts engagement in the whole of the country can be found in the capital – between Kensington and Chelsea, which has the highest level of engagement in the United Kingdom at 66 per cent, and Newham, which has the lowest, at 29 per cent. It is also the case that levels of funding from central and local government differ widely from borough to borough. Cultural organisations in London also differ in size, profile and their capacity to raise private and public funds.

**Recommendations**

- That DCMS consider the disparity of government funding from borough to borough. Culture is not a statutory commitment for local authorities and therefore is very vulnerable to local authority cost cutting.
- We recommend that DCMS commission independent research into the effects on arts and heritage of government cuts across the board so that there is an understanding of the full extent of the impact and how this can be best managed.
- DCMS acknowledge that it is usually the larger organisations with established branding that can attract private sponsorship. Smaller organisations are not in the same position and government cuts to these organisations can mean closure rather than restructuring.

**London & 2012**

13. The last two decades have been a period of extraordinary growth and development and London’s arts and cultural institutions have made great progress in the last twenty five years in terms of widening their financial base, matching public funding with increased private investment, both from individual donors and businesses. Consequently London now differs markedly from the rest of the country, with far higher levels of private finance and support. However, with the decline in private sponsorship, abolition of the RDAs, and the proposed government cuts it will be difficult for London to maintain this success.

14. London’s cultural and creative industry is a major contributor to tourism; it is worth about £80bn. That is why so many ambitious companies and individuals from across the world have relocated here. London’s cultural institutions attract significant visitors from overseas and the rest of the UK - 15.6 million per year. Surveys show that our unique mix of rich heritage and creative energy is key to London’s appeal.

15. The London 2012 Olympics is a unique opportunity to reach new audiences from overseas and the rest of the UK. An estimated 750-800 thousand extra people will visit the city per day and over four billion will be watching the games on television. It is a great opportunity to present London’s arts and culture and maintain its reputation -
one of the key selling points for London. With only two years to go it is important that investment is sustained. The capital is the gateway to the rest of the UK and therefore its success benefits the whole country. Without sufficient investment and support many arts, cultural and heritage organisations will be excluded from participating in a once-in-a lifetime opportunity.

16. All projections show that demand for tickets significantly outstrips supply, so cultural activity will be a key way for people to engage and feel involved in the Games.

17. London expects to lose £375 million in 2012 due to tourism displacement - people staying away because they think it will be too crowded and expensive and agents reluctant to sell London packages to main markets. Visit London has identified culture as a key way to mitigate against this displacement, enabling London to offer once in a lifetime cultural events to bring people to the capital throughout the Olympic year.

Recommendation

- DCMS continue to back and support the London 2012 Olympics, in particular the Cultural Olympiad. Also recognise that the stability of cultural organisations will be an important factor in the success of the cultural element of the Games.

Sensible efficiencies & new models of partnership

18. As well as using public subsidy to leverage further funds, arts organisations are a powerful catalyst in the Big Society. They engender a great deal of goodwill enabling them to draw upon substantial numbers of volunteers. They have powerful brands that attract top-class professional services (such as design and marketing), despite shoestring budgets; and through partnerships with businesses, charities and government agencies, they attract significant in-kind support.

19. Many museums and galleries are already merging their back room activities such as shipping and storing. Film London recently formed an alliance with Paris to support the international film sector through sharing of services and products. Local authorities are looking at new models of working and there is an increased appetite for shared services, joint procurement, transferring services to trusts, outsourcing areas of work to private contractors and so on.

Recommendations

- That government take action to mitigate complexities of VAT, making it easier for organisations to adopt this method of joint working. Organisations pursuing this route often end up paying higher VAT.

- DCMS should consider tax incentives for organisations seeking to share services, as well as reducing bureaucracy on VAT.

- Government should therefore respond to the appetite around the sector for greater coordination through regional partnerships. This could be through regional hubs that bring together cultural organisations and local authorities to share resources and reduce duplication.

September 2010
Written evidence submitted by &Co (arts 36)

Summary

- In response to The Culture, Media and Sport Committee inquiry and call for evidence into The Funding of the Arts and Heritage, &Co is pleased to be able to provide the following written submission on behalf of Chief Executive Officers / Directors from 36 arts and cultural organisations located in the Yorkshire and Humber region.

- &Co, formerly known as Audiences Yorkshire, supports arts and cultural organisations with their public engagement needs through the provision of:

  research and market analysis, strategic and tactical planning, evaluation and business performance benchmarking;

  skills development and skills sharing through our membership base of 81 subscribers representing 189 arts and heritage organisations in the Yorkshire and Humber region;

  on and offline routes to market via our market leading print distribution and web listings guide and online ticketing service.

- In August 2010 &Co contacted Chief Executive Officers, representing a broad cross-section of arts and heritage organisations at a local level and asked them to complete an e-survey to assess what impact recent, and future, spending cuts from central and local Government will have on the arts and heritage in the Yorkshire and Humber region.

- This submission has been informed by the responses to the e-survey which achieved a 44% response rate.

- Respondents to the e-survey can be categorised into the following organisation types, 92% of which are currently in receipt of public funding:

  X2 Festivals
  X1 Local Authority
  X7 Museum or Galleries
  X6 Performing Arts Companies
  X3 Arts Promoters
  X9 Theatres or Arts Centres
  X2 Umbrella type organisations

- The following organisations are happy to be identified as named respondents: Beverley Folk Festival, Kala Sangam, Music in the Round, National Coal Mining Museum for England, Northern Ballet Theatre, Red Ladder Theatre Company, Thackray Medical Museum, The Civic (Barnsley Civic Enterprise Ltd) and Wakefield Jazz.

Evidence

1. The findings from the e-survey reveal how arts and cultural leaders are anticipating that the spending cuts to local and central Government will impact on their organisations:

   “Reduction in public spending has had a much greater impact on our income than the recession to 2010 has had. We cannot respond quickly enough to mitigate against the loss of income, so it will take us 12-24 months to recover from the losses suffered in 2010.” E-survey respondent, August 2010
a. The impact of spending cuts affects all respondents, 91% of whom are still engaged in planning for the impact of the cuts. Over the course of this financial year and next, finance and fundraising generated through Local Authorities is predicted to be the worst affected by some distance.

b. Ancillary income, box office and corporate hospitality events are all anticipated to suffer. Corporate sponsorship is expected to tail off from financial year 2011/12.

c. The annual programmes for arts and cultural organisations are set to change with the amount of artistic work dropping significantly (net 1-50% in 2010/11 and net -68% in 2011/12).

d. Resources for and the amount of education or outreach is also anticipated to fall. As is the number of audiences for these organisations.

e. Offline marketing and audience development resources are anticipated to have a major decrease (net -60% in 2010/11 and net -52% in 2011/12).

f. Professional development for staff, staffing and salary levels are all anticipated to drop by a significant proportion of survey respondents.

2. &Co asked arts and cultural leaders how they were preparing to adapt their organisations to the changes ahead.

a. Local Authorities, Festivals and Museums and Galleries represented the most negative feeling organisations towards the spending cuts; Theatres or Arts Centres presented themselves as the most positive. This may be due to the higher proportion of their income which comes from Box Office sales / fee paying audiences.

b. The negativity was centred on the impact of funding cuts particularly in relation to the anticipated decrease in audience numbers and corporate hospitality take up. It is anticipated that this will require organisations to consider alternative sources of funding or additional income streams.

“It will be important for us not to go into ‘victim mode’ and assume that a major cut back in finance is the death of the organisation. We are embarking upon a programme of significant organisational change which will meet cuts in finance through increased income generation, efficiencies and carefully targeted cuts in output. If Government helps us to deal with the situation we will emerge better placed to deal with future management challenges.” E-survey respondent, August 2010

1 By net percent we mean the proportion of respondents answering positively subtracted by the proportion answering negatively. i.e. if 10% expected an increase; 30% expected no change and 60% expected a decrease, the net percent would be a 50% expected decrease.
c. However, in the wake of change, a degree of optimism or positivity was also voiced. A focus on collaboration, networking, information sharing and pooling of resources were cited most frequently as a way for organisations to adapt to in-year and future funding cuts. 11% of respondents stated that they were considering a formal merger.

3. In conclusion, &Co can identify for the DCMS inquiry that:

a. Responses to this e-survey suggest that the effect of spending cuts will be immediate, severe and potentially long-lasting.

b. The cuts from Local Authorities are expected to have an even wider impact that cuts to Arts Council England funding.

c. In-year, cuts are likely to impact negatively on the quality of the artistic product and the number of visitors / audiences with whom an organisation engages.

d. Beyond 2011/12, respondents report that the impact will shift to a reduction in the quantity of artistic product and the diversity of its audiences. The result of this is predicted to be less work produced and little increase in the diversity of audiences.

e. As income from public sources is anticipated to decrease, so is earned income and corporate support. The marginal optimism felt about the level of support from individual donors does not offset the clear picture of anticipated reduced total income across an organisation’s income portfolio.

f. Museums and Galleries feel particularly challenged in identifying new income streams and will require specialist attention and support in dealing with these challenges.

g. As a result it is anticipated that there will be significant structural and organisational changes necessary to accommodate a lower level of public funding. Arts and heritage organisations, in particular museums and galleries will therefore require professional support to see them through a major programme of transition.

h. Organisations are considering a wide range of responses to the challenges and anticipate needing a wide range of both in-house and external support.

i. Historically, organisations would have been able to look to DCMS arm’s-length bodies such as the Museums, Libraries and Archives Council for support towards meeting their organisational development needs. The abolition of such infrastructure support bodies means that the DCMS needs to clearly identify to its publicly funded organisations where reliable support will be found in the future to sustain Arts and Heritage organisations through the spending cuts.

j. &Co is part of a UK-wide network of Audience Development Agencies expert in supporting organisations with the expertise required to engage and develop audiences (www.audiencesuk.org) and we see audiences as a business critical element in the income earning potential of arts and heritage organisations in the future. Such organisations including &Co are vital to the arts and heritage infrastructure and part-funded by Arts Council England. These organisations have the skills, market intelligence and resources to support arts and heritage organisations turn their existing businesses into models that can be sustained despite the spending cuts.

k. Where support and expertise is required from outside the Arts and Heritage sector e.g. external professional advice from Human Resources and Legal consultants, DCMS needs to
ensure that effective signposting to reliable support channels is in place with immediate effect. This will help support arts and heritage organisations with the imminent and difficult decisions they will be taking to ensure their survival and sustainability and for the wider benefit of public life.

*September 2010*
Written evidence submitted by the Heritage Tourism Executive for the North West (arts 37)

Submission by the Heritage Tourism Executive for the North West to Culture, Media and Sport Select Committee Inquiry.

As the only Heritage Tourism Executive in the country whose job is to improve the way heritage attractions work to attract visitors across a region (the North West), this is my submission based on my experience in this role. I am currently funded by the North West Development Agency and English Heritage and based with Lancashire and Blackpool Tourist Board, and prior to this managed a large National Trust Property

Summary:

Impact of present and future spending cuts

- Grants from agencies such as the North West Development Agency have up to now brought in major other external investment to improve the heritage offer and attractiveness in the North West.
- Heritage attractions and others are more effective when they work in clusters to maximise visits/improve the quality of the visitor experience and need support to do so. Employing regionally based people who can work with many heritage attractions has made attractions better for visitors by providing a wider perspective and cuts could remove this opportunity.
- Large area-wide strategic bodies have research, marketing and product development knowledge that have major benefits, and currently meet the Treasury tests that are expected.
- Broader agencies than Local Enterprise Partnerships would be more useful to have the bigger picture, with the breadth of research knowledge and strategic view to make decisions that really make a difference to heritage (and arts) attractions.

Effect of working collaboratively

- Research has shown that strategic bodies like the Regional Development Agency, National Trust, English Heritage, Museums Libraries and Archives, Heritage Lottery Fund and Historic Houses Association work most effectively to boost visitor attractions if they meet on a semi regular basis to compare good practice and utilise research e.g. on usage of volunteers or on joint marketing initiatives, and this will be true for all arts organisations too..

In detail:

1. NWDA investment of £350,000 from 2005-2009 in relatively small heritage attractions (historic houses, mills, and buildings) resulted in more than £1.38m from other sources being invested (primarily private money), creating more than 8 full time jobs and attracting more than 100,000 extra visitors in that period to attractions including increasing the spending of existing visitors. Obviously, subsequently there have been further visitor increases as a result of those investments. This money has been targeted on places that want to embrace quality assurance like the VAQAS and Welcome schemes, which does not necessarily occur in HLF criteria.
2. Evaluation of my role has demonstrated the importance of having someone who works across the region’s heritage attractions. It is important to advise on good practice from elsewhere, getting attractions to work together, and steering regional initiatives that market or develop heritage. Being seen as a ‘Fount of all knowledge’ – a signpost for heritage tourism attractions, and acting as an advocate to councils and others has been very useful to attractions. See 2.1.

2.1 Helping Heritage perform better (from research by Rayska Heritage and Katie Foster 2008 Evaluation of NW Heritage Tourism Programme)

The post and the outputs from it have been seen as:

- Driving quality, effective networking, maximisation of funds and strategies, partnership development with Tourist Boards
- Attracting higher spending visitors to heritage through quality and extending the diversity of offer
- Helping heritage businesses learn how to attract and retain more of them
- Opportunities for heritage to “get things right” for visitor growth

3. Research just undertaken by the NWDA, the National Trust and English Heritage shows that many sites in the NW are not effective at drawing in more people. Marketing a single heritage asset alone is unlikely to be generally very effective, as people prefer a range of things to do on a day visit, joint ticketing arrangements and offers. Destinations benefit that include heritage attractions, stories and nice places as part of the visitor experience, particularly for families. This needs close working at a strategic level to promote and utilise. See 3.1 and 3.2.

3.1 Heritage Tourism in the North West Research 2010 (from research by Blue Sail).

If heritage attractions are to be successful tourist attractions they must ensure they meet the expectations of the most promising target groups. We found that ...those most interested are the empty nesters – especially those who are well educated and relatively well-off1 – and families with children. Family groups are driven by the interests of the children – if the kids are happy the trip will be a success. Post-family visitors are interested in a variety of cultural and heritage things but like to take things at a relaxed pace; good food and surroundings are important. So first-rate catering and retail is not only a way to generate extra income, it is an essential part of the experience. But all visitors want their visits to be fun, entertaining and interactive.

3.2 There is evidence that many heritage attractions fail to make the grade – they come over as dull, stuffy, perhaps too conservation-minded and academic. It is imperative that heritage attractions are presented in close alliance with places. It can help to create a ‘full day out’ in that destination, together with ideas for shopping, eating and socialising. The use of vouchers and discounts (especially popular with family groups) working with other attractions and accommodation will help to drive visits and extend the experience on offer.

4. My own observation is that individual funders do a good job in assessing the risks and attractiveness of funding from their own perspective. However, unless they are able to talk with other bodies who have different strategic aims and understanding, they do not see the bigger picture and gain the most benefit for the public investment – or for the heritage attraction itself. For example, until relatively recent changes in the Heritage
Lottery Fund methodology, some projects have been funded that have not taken on board visitor needs or benefits.

5. Presently, research is being undertaken across the NW on behalf of all the bodies with a heritage interest – the Regional Development Agency, Heritage Lottery Fund, National Trust, English Heritage, Historic Houses Association, MLA, that will identify numbers, benefits and needs of volunteers working in heritage attractions – and this, for example, is indicating the needs to offer volunteer management training for those who run attractions. This overview would not be achieved without working collaboratively.

6. I would therefore encourage the committee to think that, to gain the greatest benefits for tourism, attractions need to have people with a wider-region perspective who will bring them together, to learn from each other and from wider research. It also needs some bodies that can take into account a bigger picture and undertake research to support the heritage tourism sector. A body that can give grants to lever in further funding and only invest in those areas which will benefit the visitor and income is also very valuable – and beyond the present scope of the HLF. It needs to include marketing as well as product development. This would suggest a small staff at a regional level at the least, with a grant giving capacity and with the potential of levering other funding.

September 2010
Written evidence submitted by Camelot UK Lotteries Limited (arts 38)

1.0 Introduction

1.1 Camelot welcomes the opportunity to respond to the Culture, Media and Sport Select Committee’s inquiry into the funding of the Arts and Heritage. As the operator of The National Lottery, we have concentrated our remarks on the role of Lottery funding in these areas and suggested certain policy reforms that we believe could assist in increasing the amount of money available to the Good Causes in order to continue contributing significant amounts to arts and heritage as well as to sport and the voluntary sector.

1.2 Since The National Lottery began almost 16 years’ ago, the Arts and Heritage sectors have benefited enormously; from the injection of funds to major capital projects, to support for small community-based initiatives. Since 1994, the Arts have received in the region of £3.6 billion and Heritage £4.4 billion of lottery funding1. There have been thousands of beneficiaries including: Tate Modern, Sage Music Centre – Gateshead, Royal Festival Hall, Lowry Centre – Salford, Dorset Natural History & Archeology Society, Lancashire Wildlife Trust, Birmingham Hippodrome Theatre, Kinder Children’s Choir – High Peak and the Ilkley Literature Festival, to name but a few.

1.3 These figures illustrate not only the importance of Lottery revenue to the cultural life of the nation, but also underline how vital it is to have a National Lottery which is credible, responsible and capable of sustaining and, wherever possible, increasing sales. For that, we need wide political and public support, and that requires our regulator, government and parliament to help us to introduce more speedily those reforms and innovations we believe necessary to keep the Lottery in robust health. It also means greater efforts need to be made to ensure that the public understand better than they do at present, exactly where the lottery money they have raised is being spent. This must involve all those that make up the Lottery family, from Camelot, to the DCMS to all the distributors, including those that represent the arts and heritage.

2.0 Camelot’s role

2.1 Camelot manages The National Lottery infrastructure, designs and promotes new games, develops the marketing support for lottery products, provides services for players and winners, and runs the network that sells tickets to players in partnership with over 28,500 retailers UK-wide – as well as on the internet and mobile telephones.

2.2 Camelot’s current Licence (its third) to operate The National Lottery began on 1 February 2009 and will run until 2019, with the possibility of a further five year extension.

2.3 Camelot is not responsible for the distribution of Lottery funds. The allocation of funding is currently the responsibility of 13 independent distribution bodies designated by Parliament. The National Lottery Distribution Fund (NLDF) holds the money raised for good causes by the mainstream (i.e. non-Olympic) lottery games. The Olympic Lottery Distribution Fund (OLDF) holds the money raised for the 2012

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1 Figures sourced from DCMS database – last updated 16th August 2010
Games from both the designated Olympic lottery games and that transferred from the NLDF.

2.4 National Lottery funding will contribute up to £2.175 billion towards the cost of the London Games, of which £750 million will come from a series of designated lottery games\(^2\). The total raised for London 2012 from all designated lottery games is currently over £500 million.

3.0 Key Facts

- **Efficiency:** Camelot runs the most cost-efficient lottery in Europe, with around 4% of total revenue spent on operating costs.
- **Good Causes:** each week Camelot generates around £25 million for the Good Causes. To date, players have raised over £24 billion for the Good Causes\(^3\), with more than 330,000 individual awards made across the UK – an average of 113 lottery grants for every postcode district.
- **Returns to society:** at around 40% of total sales (around 28% to the Good Causes and 12% in Lottery Duty to the Government), Camelot returns a higher proportion of lottery revenue back to society than any other major lottery operator in the world in percentage terms.
- **Reach:** around 70% of adults play The National Lottery on a regular basis – greater reach than any other FMCG brand in the UK. More than 96% of the UK adult population live or work within two miles of a lottery terminal.
- **Long-term growth:** over the last five years there has been a 14.4% increase in sales.
- **Leading UK brand:** The National Lottery crossed fingers logo is recognisable to 95% of the UK population. Camelot operates four of the top grocery brands in the UK. One of those, Lotto, is the single biggest grocery brand in the country. Total lottery sales each year are bigger than Coca Cola, Warburtons, Walkers Crisps, Hovis, Cadbury Dairy Milk, Nescafé, Kingsmill, Andrex, Lucozade and Robinsons combined\(^4\).
- **Winners:** The National Lottery creates around four million winners a week across its portfolio of draw-based and instant play games. More than 2,400 millionaires or multi-millionaires have been created since launch in 1994 and more than 11,000 people have enjoyed a share of the Lotto jackpot prize.
- **Prize money:** £37.5 billion to date.
- **Lottery Duty:** £9.1 billion to date.
- **Retailer Commission:** £3.9 billion to date.

4.0 National Lottery Sales Figures

4.1 **Annual National Lottery sales:** In the year to 31 March 2010, the first full financial year of the third lottery Licence, Camelot increased total National Lottery sales to £5,451.8m, an increase of £302.7m (5.9%) on the previous year’s figure of £5,149.1m – resulting in the second best sales performance since The National Lottery’s launch in 1994. The further rise in sales saw Camelot deliver the best

\(^2\) The remaining £340 million will come from the Sports Lottery Fund, and up to £410 million from mainstream National Lottery games from 2009

\(^3\) Including investment income

\(^4\) Top 100 Grocery Brands, Grocer Magazine/Nielsen – March 2010
annual returns, £1,548.4m (excluding investment returns), to the Good Causes in 10 years – a rise of £170.8m (12.4%) on 2008/9's returns of £1,377.6m.

4.2 The strong sales performance demonstrates the continuing success of Camelot's long-term strategy for responsible growth – which is based on offering players a regularly-refreshed portfolio of games, and innovative and convenient new ways to play.

5.0 Innovation

5.1 As part of its Invitation to Apply for the third Lottery Licence, the National Lottery Commission (NLC) asked respondents to examine closely ways in which they might develop new ideas and services that could increase money to the Good Causes.

5.2 In our application for the Licence was the introduction of commercial services intended to deliver additional revenue to the Good Causes. The types of service being considered include mobile phone top-ups and electronic bill payments. The NLC has been conducting a public consultation on these proposals which has been extended until 17 September in order to give the Commission time to consider further any legal and competition implications of such a move. 82.5% of Camelot's revenue from these services would go to Good Causes and the company structure would be separate and transparent to ensure no cross-promotion or cross-subsidy.

5.3 Given The National Lottery's unique role in public life, it is right and proper that these kinds of innovations should be assessed and scrutinised by the competent authorities, whether they be the NLC, the Competition Commission or the Office of Fair Trading. There is nevertheless a general point that such scrutiny should be weighed against the need to ensure that decisions about new propositions can be made and these services brought to market (or not) within a reasonable time frame as that is the only way in which significant additional monies can in future be raised for the Good Causes.

6.0 Tax reform

6.1 Camelot’s efforts to try and persuade HM Treasury to move The National Lottery to a Gross Profits Tax (GPT) regime is a particular example of how long it can take government to decide whether or not to introduce a change that has been mooted for over six years and which enjoys wide cross-party support.

6.2 GPT is a taxation regime in which tax is paid after rather than before prizes have been paid to players. It allows the operator to increase prize payouts on selected lottery products, enabling the stimulation of sales growth, while at the same time protecting and ultimately enhancing returns to the Exchequer and the Good Causes. With GPT, the overall share of revenues for the Exchequer would fall, but the estimated increase in sales volumes would increase absolute returns to the Exchequer and the Good Causes (i.e. a smaller percentage slice of a larger cake).

6.3 Almost every gambling operator already enjoys this more beneficial tax treatment, except The National Lottery, which is the least harmful of all gaming and gambling pastimes and is the only one charged with raising money for Good Causes.
6.4 Camelot continues to be in detailed discussions with HM Treasury and we hope that a new government may be persuaded to enact this much needed reform sooner rather than later.

7.0 Better regulation

7.1 We support a regulatory structure for The National Lottery that is firmly rooted in the principles of better regulation and look forward to discussing with the DCMS and the NLC how government proposes to enact its recent pledge to merge the NLC with the Gambling Commission. Such a move is a real opportunity to create a new framework that will reduce the bureaucracy associated with lottery regulation and increase efficiencies for both the regulator and the operator. We support moving from regulation by detailed approval/permission (as at present) to regulation by Licence to operate.

7.2 As detailed assessments have already been made as part of the Licence award process we think there is now a need only for proportionate assessments to be made by the regulator to check that The National Lottery operator is working according to commitments made under the terms of the Licence. This form of regulation is increasingly common and is practiced in some of the most significant areas of regulated activity – e.g. ITV.

7.3 The current Licence is more onerous and complicated than its predecessor as the NLC took the second Licence and embellished and expanded it rather than starting again from scratch and creating a new, simpler Licence that reflected Camelot’s experience of running The National Lottery responsibly for 15 years. The level of detail to which we are currently subject comes at a cost which would otherwise benefit the Good Causes. It is an approach which is also slow and impedes our ability to introduce new games and ways to play, for instance, as quickly and efficiently as we should like.

7.4 It is important that reform of the regulatory framework should be approached as the occasion to introduce root and branch change to improve efficiency and generate greater returns to the Good Causes. Approaching it as a minor cost saving measure in which, for example, NLC staff are simply transferred to the Gambling Commission’s HQ in Birmingham without a fundamental overhaul of the whole regulatory structure and Licence to operate will not work and should be strenuously resisted as it could seriously damage the smooth running of the Lottery.

8.0 Additional risks/policy issues

8.1 Society Lotteries: The National Lottery has always co-existed comfortably with Society Lotteries and we recognize the valuable part they play in raising funds for a wide range of charitable causes – e.g. Hospices or Guide Dogs for the Blind. However, since the passage of the Gambling Act a new and more aggressive breed of society lotteries have emerged, several of which have pitted themselves against The National Lottery. For example, when the operator, Chariot, launched the Monday lottery they deliberately criticized The National Lottery in order to try and attract players. While Monday failed, their tactics demonstrated the gratuitous damage that could be inflicted on The National Lottery's reputation. It
is as a result of this danger that we opposed the previous government’s decision to double the prize limits for society lotteries from £200,000 to £400,000. We warned at the time that this could have a negative impact on The National Lottery and that government should be aware that these sorts of measures ran the risk of tipping The National Lottery into a position from which it would be difficult, if not impossible, to recover. It is for this reason that we urge the present government not to make any further changes to society lottery prize limits for the foreseeable future.

8.2 Remote gambling: Two leading UK gambling operators with operations in Gibraltar have recently started taking bets on the outcome of The National Lottery. This is prohibited under UK law and Camelot is concerned about a development that we believe offends the spirit and perhaps the letter of the law. However, as these operators base part of their operations off-shore there appears little that UK authorities can currently do. At the request of the Gambling Commission, who recognize that these activities are potentially damaging to consumers, the DCMS has recently held a public consultation on ways in which remote gambling might be regulated. We strongly support this initiative though we have some reservations about the feasibility of enforcement.

8.3 Public perceptions: While public awareness of The National Lottery and its crossed fingers logo is extremely high – recognizable to 95% of the UK population - the same cannot be said about public recognition of where and how Lottery money is spent. Camelot was instrumental in setting up the National Lottery Promotions Unit (NLPU) in 2003 and continues to co-fund it and be represented on its management board. The Unit’s work has undoubtedly improved levels of public awareness, for example, through the use of the common brand (incorporating the crossed fingers logo) for distributors and lottery funded projects, the successful development of the annually televised National Lottery Awards and the delivery of public relations campaigns that have captured the media’s attention. However, there remains scope for improvement and the full support and engagement amongst distributors and the DCMS with the work of the NLPU will be vital to help protect the long term health of The National Lottery and its ability to continue to maximize returns to the Good Causes, especially at a time when economic pressures may well restrict other channels of funding. It is only through the prominent and consistent display of the crossed fingers logo on any project that involves lottery funding and the continuing communication of the breadth, depth and impact of that funding that the public can be made more aware of where the money they have raised has gone. With greater awareness comes a growing sense of pride in what they have helped to achieve and continued support for The National Lottery, resulting in the generation of much needed funds.

9.0 Conclusion

9.1 We would welcome any support that the Committee could offer to help us realize some of the policy reforms we have outlined in this submission, especially the introduction of GPT and the overhaul of our regulatory structure. Maintaining public interest in, and support for, The National Lottery is crucial if the arts and heritage are to continue benefitting from the levels of funding they have enjoyed until now, most especially at a time when public spending is being cut.

September 2010
Written evidence submitted by Dr Alana Jelinek (arts 39)

An independent submission addressing the following:

- Why a government concerned with democratic engagement should fund the arts
  - Museum of Modern Art - MoMA (New York) case study in the problems of little or no public subsidy
  - Tate Modern – trends in the first 10 years
- The mixed economy for the arts: what level of public subsidy for the arts and heritage is necessary and sustainable
  - The myth of a ‘US-style’ non-subsidized system
- A case for an arm’s length policy: systems / structure of funding distribution
  - Where New Labour got it wrong
- ArtAngel – a positive case study on whether businesses and philanthropists can play a long-term role in funding arts at a national and local level.
  - Philanthropy compared with co-branding/corporate marketing

1) A government concerned with democratic engagement should fund the arts for a number of reasons, where ‘democratic engagement’ is understood as access by the greater part of the population to a variety of the best that a culture can provide. Funding questions must consider both the impact on audiences (or wider society) and on practitioners (content providers). In other words, people who ‘consume’ or participate in cultural events need to be considered on the one hand and the people and locations that make the arts happen need also be considered because by considering both we are determining the type of society we want Britain to be.

1.1 Access to the arts for audiences from a wide variety of backgrounds can be seen as a social mobility question as well as a question of helping to create the civil society. There is good evidence that without public funding and therefore with high(er) entry prices, the range of audiences for a given exhibition or event becomes limited to those who already know they can afford it and want to participate. Entry prices or high ticket prices create a barrier to those for whom participation in wider culture and the benefits of the arts is already difficult. Social mobility and the civil society can be understood as two sides of the same coin. The social mobility question is well understood as an issue of exposure to the arts and culture: good role models are created for those from backgrounds excluded from participation in the arts by virtue of actual or perceived barriers. Experiencing those cultural forms currently funded by government can help people understand the society around them. The best of the arts helps to deepen our understanding of our world from our own perspective but it also helps to create an understanding of the world from other perspectives. This deepening and expansion of understanding is as true for those from privileged backgrounds as it is for people from impoverished backgrounds. The arts help us all to understand our own perspective and deepen our understanding of ourselves in our world. The arts also help us to gain perspective on those lives we have little or no contact with. Of course, not everyone responds equally to the same things but exposure to the various creative arts – serious music, fine art, literature, theatre, dance, independent
film – creates the opportunity both to see oneself reflected ‘on stage’ and to
grow from a continued exposure to other perspectives, other ways of seeing
the world in order to make sense of them. This in turn helps to create a
society of tolerance, even appreciation. Public funding therefore needs to go
into the arts to create access for the widest possible audience to help foster
a tolerant, understanding society.

1.2 A notion of democratic engagement must also consider the practitioners–
the people who provide the ‘content’ for the arts. In order to foster the best
in culture, a wide range of people need to be supported. This will mean the
pool of talent reflects the society it comes from, which is one societal good
to come from public funding, but also, more importantly, when the greatest
variety of talents are fostered it ensures the arts are constituted by the best
of all the talents found across society. This is a question of diversity in its
widest sense. Nurturing as many talents as possible across the widest range
of society ensures Britain maintains its position as a cultural centre,
competing at the highest level. Without funding, there is no way to ensure
artists and those who work in museums, theatres, and arts organisations are
indeed the most talented and most innovative. Adequate funding means
they have come from the widest ‘gene pool’ of talent. Public funding of very
small organisations and projects as well as large internationally significant
institutions helps to create this wide gene pool of talent. On the one hand,
small organisations tend to be training grounds for the larger ones and, far
from replicating each other’s efforts, the many small organisations create a
wide variety of cultural outputs, each supporting a slightly different set of
artistic practices and each contributing to the internationally significant
institutions which bring in the tourist dollar and private investment.

1.3 Consider biodiversity as a metaphor: biodiversity is not only important in its
own right, where it is good to stop the extinction of species because
extinction in itself is a bad thing, but because as yet we do not know which
species are ‘useful’ to us, particularly when things change. This biodiversity
in the arts and culture requires public funding because without public
funding, culture becomes in danger of becoming a monoculture. The two
examples in paragraphs 1.5 and 1.6 demonstrate this monocultural
tendency. In summary, when a state relies on a single method of funding
the arts, this is reflected in a narrowed range of cultural practices available
to society. When funding only comes from the commercial, cultural output
is driven by these concerns. When funding only comes from the state, the
same is true: cultural output becomes driven by political concerns. A narrow
funding model creates a limited culture. Relying only on the market – both
the elite market and the mass market – has the tendency to create a culture
which is either plutocratic or populist, even demagogic: the tastes and
opinions of the very rich and tastes and opinions pandering to the very
popular, even when it appeals to the very worst in our nature, prevail. The
great diversity of perspectives and full range of ideas that the arts can
explore is limited if the funding model is limited. This is particularly so for
those practices which question or rub at the status quo.

1.4 A government concerned with democratic engagement must pay for the
arts and culture because this is the only way to ensure that dissent and
critique, or in other words democratic debate, is embedded in culture. One of the hallmarks of the democratic society is the amount of critical debate available in public. More totalitarian regimes fund only those ideas they concur with, while market orientated funding favours ideas which sell, that is, the highly popular or that which is flattering to the rich. Neither of these market orientated models of support for the arts and culture are supportive of dissent or criticality, innovative and therefore unpopular thought. If we value democracy and the cut and parry that entails, we must support it financially through the democratic mechanism of public funding.

1.5 One example of how narrow a culture may become if it relies too heavily on one type of relationships or funding can be seen in research at the Museum of Modern Art (MoMA), New York. It showed ‘a system which is hardly subsidized, [where] museums are largely dependent on the collectors with whom they can form relationships. The museum collection is almost entirely built up from donations from collectors, on which the latter get significant tax rebates. This is much less the case for European museums. … Thanks to government financing, the museum director can therefore afford to take up a more independent position. Or rather, as suggested earlier: it is precisely dependence on a range of actors (government, private collectors, companies et cetera) that offers the curator or museum director more chance to operate independently.’ (Pascal Gielen 2010)

Some level of significant public funding for the arts at the museum and collections level buys independence, which is not only a value in its own right, but also a position that is more likely to achieve the best for a museum’s collections and exhibitions.

1.6 Study of Tate Modern from the years of its inception until 2010 demonstrates the strengths and pitfalls of corporate sponsorship. In summary, it can be shown that in the beginning, Tate Modern benefited from various patrons and sponsors as well as public finance to create a popular and important museum of international renown. After the fact, this may seem inevitable but at the time, this result was far from guaranteed. The first 18 months was a time of excellent, experimental exhibitions that were also popular: the ‘holy grail’ of both access and excellence had been achieved. By the 2003 Funding Agreement with DCMS, finances had become straitened as the unprecedented levels of attention brought wear and tear costs forward and the exactlying high numbers of visitors became a target in its own right. This equated to greater amounts of corporate sponsorship being sought with more strings attached. It can be shown that, as time worn on, Tate Modern lost its financial independence despite being a paragon of the ‘mixed economy model’ (1/3 public, 1/3 private/sponsorship, 1/3 self-generated income) and more of its temporary programme was devoted to the type of crowd-pleasers that corporate sponsors have been shown to favour. There was a greater focus on income-generation in exhibition planning which can be shown to have limited innovation in later years. (NB this summary belies the complexity of the story and the various pressures, both internal and external, on Tate Modern)

2 There is evidence that the greater the diversity in types of support for the arts, the greater the independence, and therefore strength, of the institution. This means that
public subsidy must continue in substantial quantities in order to create the type of strength required in order to maintain world class institutions. Though the mixed economy model (as described in 1.6) has its pitfalls, it does guarantee at least some distance from each of the sources of income, particularly if there is no de facto link made between the percentages of income, that is, if funding from one source isn’t dependent on funding from another source. In the latter case, there is little strength or independence for the institution from either funding source and most particularly there is no independence from the non-public funding source, creating therefore an imbalance in negotiations. If an institution raises money from a wide range of sources, logically it is not too dependent on any one of those sources. In the arts, this will ensure the independence of voice for the institution where it need not be afraid of losing either corporate sponsorship or public funding if it broaches difficult but important subjects or supports the types of artists not ordinarily supported within traditional corporate sponsorship models.

2.1 Arts and Business, the London-based organisation that brokers ‘partnerships between commerce and culture’ runs workshops for people in the arts on how to work with the corporate sector. This is good common sense of course, but it also betrays the pitfalls of relying too heavily on corporate sponsorship. Corporate sponsorship is not philanthropy and mustn’t be mistoken for it. For corporations, sponsorship is a marketing opportunity and sponsorship opportunities must be in line with a corporate brand. This fair stipulation may in fact preclude support for many types of artistic practice which, following the biodiversity model described above, should be funded if a government supports democratic engagement. Public financing of the arts must be considered the primary source on which corporate sponsorship and private giving can be built in order to ensure the independence of the institution and the diversity of its artistic output.

2.2 It is widely believed that the US system of financing the arts has little or no subsidy. This is not strictly true. The National Endowment for the Arts (NEA) was scrolled back during the 1980s under Ronald Reagan but there is the State tier of subsidy to consider as well. New York is widely considered one of the global centres for the arts across music, theatre, museums, and the arts sector enjoys a relatively generous state subsidy. In addition there are tax benefits which encourage philanthropy. The Chinese government also spends increasing sums of money on its cultural sector in order to play in the new world league of globalized cultural centres. States that invest in the arts play on the world stage and this, as Richard Florida has famously pointed out, has direct economic benefits.

3 The last time Britain was as in debt as it is now was just after WW2. It is important to note that the government of the day actually initiated the Arts Council of Great Britain in spite of its debts. The Edinburgh Festival (and subsequent Fringe Festival) was also inaugurated. Spending on the arts and culture was considered vital to the well-being of the nation especially as the country was undergoing continuing attrition. Spending on the arts and culture was to lift the morale of the British people and it was to send a message to the rest of the world that Britain was still great despite the war and the imminent loss of Empire. Today we wouldn’t fund the narrow range of arts and
cultural events the then government funded but it worth noting the choices made at the time and importantly, the innovation of the 'arm's length policy'.

3.1 The initial incarnation of the Arts Council of Great Britain had an arm's length policy from government. In other words, it had a budget that it spent according to criteria laid down by the Arts Council and not according to any other government agenda. Of course this was easy it the time. Keynes was central to the Bloomsbury Group so there was a profound respect for (bourgeois) arts and culture at the heart of government – something that cannot be assumed today. The New Labour government turned its back on these arm's length principles (while also espousing them). Like elsewhere in public financing, this meant a culture of targets was fostered. The arts and culture became yet another area for New Labour policy-driven practices, this time around social inclusion and narrow diversity issues. Under New Labour, public funded arts tended to a mediocrity of output as described by Munira Mirza (sometimes unfairly). Because definitions of excellence came from the government and not from the arts themselves, part of the publicly funded arts and culture programme became de facto education and an exercise in ameliorating social-ills. Any public funding must be kept free of government agendas or the arts loses its independence, which is the its very value to society.

4 An interesting case study in models of financing the arts can be seen in the medium sized but internationally important arts organisation, ArtAngel. ArtAngel runs a programme of quirky, innovative, sometimes difficult art commissions, some of which are hugely popular and most of which receive critical plaudits. ArtAngel derives some of its income from Arts Council, particularly for its outreach programme, but a majority of its income comes from ‘angels’, sponsors who are nameless. These sponsors are often people who also give large amounts of funding to other galleries but in this case they are anonymous and have no influence over the commissioning programme. This cannot be said of their contributions at other venues. (It could be said that if the artworld operated like the financial markets, there would be many key players indicted for insider trading. See Chin Tao Wu for a fully researched analysis of this) This distance between the financier and the commissioning process comes from the good management of the organisation’s directors, who help the Angels to feel good about their contribution without exacting anything directly in return. The directors can achieve this because of the great reputation of the organisation for delivering high quality art experiences but also because they are not tied to any percentage of income from specific sectors. ArtAngel had no targets so it was free to operate independently of both the government and its private financiers who change over time.

4.1 The point to emphasise here is the difference between a sponsor (corporate or individual) and philanthropic giving. While I am not going to argue that philanthropy has always been disinterested – Haraway’s analysis of the early twentieth century eugenicist underpinnings of the American Museum of Natural History and its connection to the philanthropic donations of William K Vanderbilt puts paid to that idea. Nevertheless there is a difference between a government fostering a system for funding the arts and culture based on corporate sponsorship and one based on philanthropic, and
therefore usually anonymous, giving. Corporate sponsorship is a commercial deal struck for marketing purposes. While philanthropy is often complicated and usually a form of tax-avoidance, it more often allows the project, commission, event a measure of ideological or artistic independence from the financial source. This is not true of recent government funding or recent corporate sponsorship deals, since the balance of power swung towards the sponsor after 2003 DCMS specific targets were introduced.

5 In summary, for the arts and culture to develop fruitfully in a democracy it requires a good measure of public funding but there is also the need for private money to be involved as this helps to distance institutions from governments agendas. The most appropriate form of private funding is philanthropy and not sponsorship, as sponsorship can and does unduly influence the type of artistic practices and voices supported. Philanthropy can be encouraged by tax breaks. Instead, sponsorship has been encouraged as it was tied to public funding targets, which in themselves served to create a tendency to mediocrity where the focused on those targets and not on excellence in specifically cultural terms.

Dr Alana Jelinek, Museum of Archaeology & Anthropology, University of Cambridge

September 2010
Written evidence submitted by Sherborne House Trust (arts 40)

This contribution concerns the relevance of volunteer support particularly in a regional context. It particularly addresses the question - Whether the current system, and structure, of funding distribution is the right one?

- I suggest the need for effective cultural leadership particularly to support volunteers and philanthropy.
- I highlight the diversity of urban and rural culture and suggest that collective organization should encompass culture, sport and leisure and interact creatively with the support for good causes.
- I argue that some funding support needs to be focused on developing appropriate leadership and structures for collective working.

I work in education and across a broad range of visual arts agencies and organisations in rural areas. Sherborne House Trust is a charitable foundation set up to restore a seventeenth century building containing a mural by Sir James Thornhill. The trust seeks to establish a contemporary visual art space for the interpretation of the work of Elizabeth Frink. The archive of the Frink estate is to be accessible from the House. The Trust currently delivers a contemporary arts programme in venues and spaces elsewhere in the region.

1. Organisations such as Sherborne House exist on enthusiasm and vision but have no paid professionals monitoring structure and quality or articulating direction and acting as advocates. In the contexts where I work audiences accessibility to visual culture promotes tolerance, exchange, enrichment, pluralism, learning and understanding.

2. Groups run on volunteer support interface across communities but require organisational leadership by cultural professionals to persist and to deliver programmes of ambition, relevance and breadth. It will be challenging to sustain the volunteer support enjoyed by smaller organisations in the new environment for culture funding. The culture sector identifies and enhances communal identity.

3. Groups promoting and delivering culture activity in local contexts interact with and benefit from good will and small-scale support from local and national/international business based locally - a supplement to modest state support.

- Small business interests represent a nascent basis of philanthropy for regional organisations.
- The profit motivated businesses have no experience of the economic advantages that cultural activity can bring. Present and future spending cuts will act against the possibility of attracting philanthropic funding from regional business, particularly in the long term; unless organisations, such as, Arts and Business, exist to actively encourage awareness of the potential of associations with culture independently to
• Incentives make it easier for businesses to justify supporting culture but it is effective cultural leaders who communicate specific advantages in terms that can be translated into publicly conscientious business.

4. Business models do not correspond to the aspirations, nor to the management and board structures of not for profit and culturally driven organisations. Efficiencies, such as brand diversification, and a sales ethos are anathema to volunteers driven by integrity – who seek opportunities for artists and audiences that will enrich and celebrate the local, through independence, diversification and ethical value.

5. Volunteer effort and agency can only be galvanised and focused by supported professionals. There is nothing to attract such leaders to non-urban areas as funding and potential future funding is drawn to legitimate international activity that by definition conceives the local, and the vernacular, as exotic. Radically different cultural issues face urban and rural communities but productive and democratic discourse is suggested by the interface between developed and the ‘natural’ cultural economies.

6. It is vital for arts organisations to work collectively. The arts are a very competitive field and it is inevitable that competitive individuals and their organisations will assert their interests unless structures are in place to facilitate democratic consensus. While the current system for funding the arts has its drawbacks it is undesirable for interest configurations to wield influence unless they can be embedded in structures that are audience and opportunity directed.

7. Collective cultural enterprise is built on trust, this will not be a short term gain but should be developed in the longer term. Structures and skills are needed for organizations to work together to generate more ambitious outcomes.

8. Culture organisations should not be conceived as isolated from other leisure, sport and media configurations. Economic efficiencies must encompass dialogue between these zones of activity. Stadiums, fields, auditoriums, theatres, heritage places, museums, contemporary art sites and projects would benefit from more unified regional administration and structures to support the exploration of mutual aims and funding interchange.

9. Close dialogue should take place between cultural delivery and the support and awareness of funded good causes. There is scope to develop interaction for mutual benefit and support.

10. The UK cultural sector is happier to interact with Western European partners than with North America because, beyond high prestige institutions, attracting grand public support and attendant corporate support, organisations and audiences have not traditionally worked in a ‘free market’ environment but in a mixed economy with inspirational social and cultural programs where the example of cultural institutions educates children, young learners and adults. In the US a move towards market efficiencies originated in the 1970s and has yet to deliver sustainability for cultural access on the level of most European countries. It remains, notably, ineffective in providing for marginalised, challenging and controversial work and in bringing the arts to areas outside the larger urban conurbations. Supporting the diversity of cultural practice is
valuable in suggesting enrichment and dialogue for the diversified communities found in the UK.

11. Recent, and future, spending cuts from central and local Government may suggest just a few monolithic cultural institutions in urban centres. To avoid this support must be directed:

- To promote effective cultural leadership in small or marginal contexts.
- To develop democratic structures where organisations and agencies, across leisure and culture, work together.
- To insist that cultural leaders promote the good will that ties communities and business to relevant cultural activity.

September 2010
Written evidence submitted by Cornerhouse (arts 41)

1. This submission is made on behalf of Cornerhouse, Manchester’s international centre for contemporary visual arts and film, a leading UK cross artform venue. See www.cornerhouse.org

2. Located in the heart of the city and open seven days a week, we have 3 floors of contemporary art galleries, 3 screens showing the best of independent cinema, a bar, café and a bookshop. We also operate Cornerhouse Publications, an international distribution service for contemporary visual arts books and catalogues. We welcome over 500,000 visits per year to our building which is open 260 days per year from 9am until after midnight.

3. An independent study, in March 2010 shows just how much of an impact we are making, financially as well as artistically, on a turnover of £2.2m. Each year we contribute an annual net expenditure of £6.2 million to Greater Manchester’s economy; or, for every £1 of Arts Council funding we receive, we put over £7 back into the local economy.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level:

4. The recent in-year cuts have made little impact on the organisation. However, the proposed cut of 10% in 2011/2012 and further cuts in the following year could be disastrous. A 10% cut in Arts Council England funding will be around £90,000 which on a turnover of £2.2m is in itself substantial. If the there are reductions in local authority funding and funding for film exhibition/education this figure will increase and become more damaging taking the level of cut up to £150,000 in 2011/2012. With a total programming budget of £200,000 the impact will clearly be significant. There will have to be reductions in activity levels, staffing, opening hours and education activity.

5. Like many arts organisations Cornerhouse looks very closely at costs and income generation. Following the serious impact of the 2008 cash and recession on our fundraising and suppliers we had to make major changes to our cost base and operations in 2009. This resulted in 4.5 FTE redundancies, changes to opening hours and price increases. We mention this to illustrate that our organisation and many like us in the arts sector are managed within very tight financial constraints and have no organisational fat to cut. Cuts in funding will result in disproportionally large cuts in service. This will then reduce the significant economic impact our organisation generates.

6. A recent letter from leading arts organisations in Manchester, see appendix 1,
to the Secretary of State states:

“The simple fact is there is no room for cuts of this scale. We already operate with much smaller teams and far tighter budgets than other sectors, and very few organisations have any reserves at all. The proposed cut in Arts Council and MLA funding, cuts in local authority funding, cancellation of regional development agency projects, reduction of funding to the UK Film Council and higher education cuts will all have a major effect on our ability to deliver public benefit, outreach and education programmes, support for young talent and artistic enjoyment and improved quality of life for audiences right across the region.”

7. The letter also says:

However, the level and phasing of the cuts proposed will have a catastrophic impact on cultural production, creative confidence, heritage and innovation for generations to come.

This is a view that we fully subscribe to.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale:

8. In the regions there are undoubtedly some small potential savings to be made by bringing arts organisations together. However, most arts organisations already run on significant levels of sweat-equity so the actual savings made are only ever going to be marginal. Having been part of the development of arts marketing consortia in the 1990’s I know there is evidence that collective work on audience development can increase attendances but rarely reduces costs. The situation in London may be different given the massing of product.

9. Cornerhouse has been working to develop a new business model for the Web 2.0 world. An essay by Charles Leadbeater entitled ‘The Art of With’ is available on our website (http://www.cornerhouse.org/resources/item.aspx?ID=53). We are currently engaged in a 5 year action-based research project investigating how we can work more collaboratively not only with peers but audiences. Two years into the project we have doubled our visitor numbers, improved financial performance and crucially improved artistic quality. We can provide more information if this is of interest.

What level of public subsidy for the arts and heritage is necessary and sustainable:

10. The level of public subsidy required depends upon what the government wants to achieve.

11. There is an outdated and inaccurate view that artists and arts organisations
don’t know how to run a business, this is no so. Like any business sector there are managers and sole traders who run their businesses well and some who don’t. (After what has happened in the banking sector arts organisations can be proud of the financial management and perhaps leading cultural managers should be seconded to banks to help them run their businesses better!) Across the arts sector there are fantastic examples of well run businesses that are focused on providing public value, as opposed to share holders dividends. The people running them will be have be working on rebalancing their business model away from public subsidy. However, there are activities that need state funding because the market cannot/will not support it, but which the public value/is a public good. This is much of what we do. If there is less state funding to go around we need to be maximising the public benefit from the state aid that is there. Consequently, there needs to be a re-prioritisation of funding. If an arts business is not well run and does not provide good public value then as a country we can no longer afford to fund them. Salami slicing equal misery for all would be a disaster. To make any disinvestment strategy work there needs to be some clarity about what the state perceives as public value from the arts. Other than cutting the deficit the current government is not at all clear on what they consider to be public value.

Whether the current system, and structure, of funding distribution is the right one:

12. Arms length funding for the arts is vital. I can’t remember who it was but someone during the 1980’s era said something along the lines of “the trouble with artists and arts organisations is that they bite the hand that feeds them”, well the problem for the state is this is our job. Artists ask questions of society but when the hand of the state directly intervenes then there is a problem.

13. However in considering the way funding is distributed it is interesting to see how artists are working - much more across media and platform. We have had a bureaucratic division of funding systems that led to my organisation spending a lot of time proving to ACE that arts funding was not being spent subsidising cinema and at the same time as having to prove that film funding was not subsidising art. Pointless. We have had a great relationship with ACE over the years and their funding processes have got better and more efficient. However, we believe the lack of a joined up approach and, in particular, the artform divisions, across the wider cultural sector, are restrictive and wasteful.

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations:
14. It is great to have Lottery funds available for capital and one-off projects in larger amounts in the future. However, Lottery money is only ever one-off. It cannot replace Treasury support. It can lead to short termism and encouraging organisations to lurch from short term project to short term project.

Whether the policy guidelines for National Lottery funding need to be reviewed:

15. Perhaps but not to enable the Treasury to reduce its contribution, which is relatively small, to arts funding. When John Major established the Lottery this was never his intention and it would be the thin end of the wedge if the small amount of Treasury funding was threatened.

The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council:

16. As yet the impact is unclear. Our understanding is that even though UK Film Council has been cut there is still a commitment to film funding but through another mechanism. If that is the case we will need to understand what that is before commenting in detail.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level:

17. It depends upon what is meant by long-term. The UK lost the philanthropy habit in the early part of the last century, it will take generations to rediscover it. It will be even more difficult during an extended period of austerity. Whilst there is some important philanthropic giving it is particularly difficult outside of London. This is a view shared by colleagues from across Greater Manchester:

We have noted your suggestion that philanthropy can make up the gap left by a reduction in state funding. Unfortunately the reality, particularly outside London, is that it will not, especially without US style tax-breaks.

Furthermore, conversations with philanthropists and sponsors who currently support have revealed that state support for our work is fundamental to their giving/sponsorship. We currently work hard with both philanthropists and sponsors to bring in additional funding for our organisations. Since the recession this has become much more difficult. Letter to Secretary of State, see appendix 1

Whether there need to be more Government incentives to encourage private donations:

18. Yes, significant tax incentives would be needed.
Appendix 1

Open letter from Greater Manchester based arts organisations
To Secretary of State for Culture Media and Sport
Rt Hon Jeremy Hunt MP

Dear Secretary of State,

Proposed Arts Cuts

As leaders of arts organisations in Greater Manchester, we understand that we have a public duty to protect and nurture our nation’s treasures and talent for the benefit of the public, future generations and the economy. We are therefore compelled to write to express our deep concern at the proposed cuts to arts spending.

We agree that every one must play their part in reducing the national debt, and we understand that this must include the cultural sector. However, the level and phasing of the cuts proposed will have a catastrophic impact on cultural production, creative confidence, heritage and innovation for generations to come.

As you know, as a proportion of national spending, arts and cultural budgets are very small, less than 0.1% of the total Government Budget, and the proposed cuts will cause disproportionate, irreparable damage for a relatively tiny saving to the public purse.

The arts matter – more people in Greater Manchester and the wider North West region are enjoying them than ever before. Cultural organisations are at the heart of our ‘Big Society’, the arts encourage participation, raise aspirations and improve quality of life and opportunities for the young people and disadvantaged communities who need them the most. They are also the North West’s economic success story. They develop talent for the creative industries, which are fundamental to the future competitiveness of British business, and provide a massive boost to tourism and the visitor economy.

The simple fact is there is no room for cuts of this scale. We already operate with much smaller teams and far tighter budgets than other sectors, and very few organisations have any reserves at all. The proposed cut in Arts Council and MLA funding, cuts in local authority funding, cancellation of regional development agency projects, reduction of funding to the UK Film Council and higher education cuts will all have a major effect on our ability to deliver public benefit, outreach and education programmes, support for young talent and artistic enjoyment and improved quality of life for audiences right across the region.

We have noted your suggestion that philanthropy can make up the gap left by a reduction in state funding. Unfortunately the reality, particularly outside London, is that it will not, especially without US style tax-breaks.

Furthermore, conversations with philanthropists and sponsors who currently support have revealed that state support for our work is fundamental to their giving/sponsorship. We currently work hard with both philanthropists and sponsors to bring in additional funding for our organisations. Since the
recession this has become much more difficult.

You have publicly declared your passion for arts and culture so we believe that you would want to be remembered for the protecting the nations cultural infrastructure.

We urge you to reconsider the level of cuts proposed and invite you to Manchester to view for yourself the great value for money and public benefit that we provide.

September 2010
1 The Role of ALGAO: England

The Association of Local Government Archaeological Officers for England (ALGAO: England) is the national body representing local government archaeology services at County, District, Metropolitan, Unitary and National Park level in England. ALGAO: England co-ordinates the views of its member authorities (93 in total, with full geographical coverage of England) and presents them to government and to other national organisations.

The range of interests of our members embraces all aspects of the historic environment including archaeology, buildings and the historic landscape. ALGAO: England members are responsible for:

- the management of all Historic Environment Records (HERs), which provide information on archaeological sites, historic buildings, historic settlements and landscapes, for use in the planning and other statutory systems, and more general use by the public
- for the management of the 95% of the archaeological heritage which is not designated, in particular through the planning system (plan-making and development management), and the provision of advice on land management especially through agri-environment schemes
- for education and outreach programmes, working with local communities

This submission provides the views of ALGAO: England on funding issues affecting the heritage.

2 Matters raised by the Select Committee

2.1 The impact of recent and future spending cuts in central and local government on the heritage

2.2.1 ALGAO: England is extremely concerned about the impact on the heritage of anticipated spending cuts on the following aspects of national and local heritage services and management:

2.2.2 English Heritage

ALGAO members work in partnership with English Heritage, the government’s statutory adviser on heritage. We are concerned about the scale of the cuts in departmental budgets affecting DCMS that may emerge as a result of the comprehensive spending review in the autumn and how these will impact on English Heritage. Particular areas of concern are:

- the national advisory and enabling role that English Heritage provides the heritage sector through guidance, publications, targeted grant aid and training. This work is highly valued by ALGAO, is cost-effective and could not be delivered easily by others in the sector

- the statutory designation and protection role of English Heritage for the historic environment. This is a vital role for the sector which already is under-resourced. Any further reductions in funding will result in a loss of protection for England’s most significant heritage assets.

2.2.3 Defra – Natural England and agri-environment schemes

The rural archaeological resource of over 500,000 sites recorded on HERs and many more currently unknown sites is at risk from damage from agriculture (especially ploughing), erosion,
vegetation cover and neglect. Over recent years substantial improvements have been made in the management of many of these sites by their inclusion in agri-environment schemes, especially Higher Level Stewardship. Despite this, many thousands of sites including nationally designated (Scheduled) archaeological sites are still at risk (as shown by English Heritage’s Heritage at Risk surveys). ALGAO is concerned that future cuts to Defra and Natural England’s budget will restrict the funding available for future such schemes and, by failing to renew existing ones, will result in existing benefits being lost and a potential waste of the current resources that are invested in positive management.

2.2.4 Local government archaeological services

Although ALGAO member local government services are responsible for the management of 95% of the archaeological resource they are non-statutory, and will be very much at risk to cuts in local authority funding. ALGAO member authorities are already modelling budget cuts of up to 40% over the next few years and it is difficult to see in these circumstances how such services will survive. Typically services consist of 3 or 4 staff responsible for providing essential information and advice on the archaeology of a county, national park, or group of unitary authorities.

One of the most important roles of ALGAO member local authority services and their teams is to implement government planning policy for the historic environment, contained within Planning Policy Statement 5, Planning for the Historic Environment. This includes ensuring the smooth and efficient operation of the planning and archaeology process by managing the risk of delays to development, caused for instance by unexpected archaeological discoveries. Our experience is that where this aspect of our member services have been cut, frequent problems occur with development projects, due to the absence of appropriate specialist advice to planners and developers. We are therefore very concerned that current and future reductions in staffing and service provision to ALGAO member services will result in widespread problems where archaeological remains are affected by development projects. These potential problems are also likely to impact more widely on employment in the heritage sector and the ability of the planning system generally to deliver development.

In addition, where substantial cuts to services have occurred in the past, the experience of ALGAO is that the costs of recreating the service to the same level at a given point in the future are considerably greater. This is because many of the aspects of ALGAO member services such as HER management and the monitoring of development and land-use change are ongoing and are not undertaken elsewhere. Therefore, if they are cut, the result is an end to the systemic monitoring and advice and also to the recording of change and new information on HERs - for the given area covered. The lack of data recording (for instance from new archaeological discoveries) and the absence of monitoring of current and proposed development therefore results in both a loss of protection to the historic environment and steadily increasing backlogs of work.

ALGAO are consequently keen that Government is made fully aware of the risks of cutting ALGAO member services, including the impact this will have on the development sector and the likelihood that if services are completely cut they will almost certainly need to be recreated - at greater cost - in some point in the future.

2.2 What level of public subsidy for the heritage is necessary and sustainable

2.3 Whether the current system and structure of funding distribution is the right one
2.4 What impact recent changes to the distribution of National Lottery funding

3 Other areas of interest
We feel that the reintroduction of the Heritage Bill by Government at the earliest opportunity will serve to make the system of heritage protection more efficient and transparent and will also help to maintain the current framework of information and specialist advice provided by English Heritage and Local Government. In particular, ALGAO are keen to see the proposal made in the draft Heritage Bill to make the maintenance of Historic Environment Records a statutory provision of local authorities taken forward in a Heritage Bill. This provision could be introduced at minimal or no cost and would secure this vital resource for the heritage sector, planners, developers and local communities.

September 2010
Written evidence submitted by Artists Interaction and Representation (AIR) (arts 43)

Artists Interaction and Representation (AIR) is pleased to submit to the Committee on Culture, Media and Sport’s Inquiry into the Funding of arts and heritage. We would welcome the opportunity to present evidence in person to the Committee in due course.

1 - About AIR

1.1 AIR was established in 2007 as a membership body for practising visual and applied artists. With over 15,000 members, AIR seeks to promote the central role of the artist within a diverse and sustainable cultural landscape. As the voice of visual and applied artists, AIR identifies and explores issues that impact on artists’ practice, and campaigns for artistic, legislative and economic measures that enhance artists’ working lives and their professional status.

1.2 Whilst AIR is not publicly funded, its members’ practice is enabled through a mixture of public, private and educational financial sources. This submission aims to highlight the circumstances faced by its members by reduction in public funding whilst suggesting alternative distribution methods.

2 - What impact recent and future spending cuts from central and local Government will have on the arts and heritage at the national and local level.

2.1 Government investment through the Arts Council has traditionally provided support programmes for artists and institutions, but recent cuts are jeopardising the ability of the creative industries to play the leadership role that the world clearly expects them to play. The proposed cuts will have a significant impact on the sector which will be more costly to the economy than the minimal amount of money that will be saved if they are implemented. Jobs will be lost, institutions will close their doors, and the UK will be in danger of losing its position at the forefront as a destination for culture and tourism.

2.2 While the arts community accepts that cuts are inevitable across all levels of society, AIR asserts that the proposed cuts will create a huge economic crisis for artists in particular, who are a largely self-employed sector that relies on access to multiple sources of income and finance to sustain their own career and business development, and community engagement. Seventy-two percent of visual artists are largely self-employed, verses the average self-employment in the creative industries of 41%.

2.3 Most artists manage several jobs on short-term contracts to support their artistic practice, and even then, many will struggle. This distracts energies from creative pursuits that provide millions in economic benefits to Britain’s economy and countless spin-off and social benefits.

2.4 Artists’ livelihoods are inherently resilient as they operate as ‘micro businesses’. Many visual art professionals are self-employed with portfolio careers in education, regeneration, the health service or within the voluntary sector, for example. A 25% cut in two separate areas of public expenditure may quickly amount to a drastic reduction in paid work for a self-employed artist. Artists will likely continue to make work with less public support. However, many small cuts from different sources lead to a very big wound, to the detriment of the communities and clients their work serves. Furthermore, the lack of savings and pension funds is greater amongst artists than in the workforce as a whole.

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1 Findings from the Pensions for Artists research showed that 70% of artists do not have a pension, compared to the UK working population where 44% do not have a pension.
2.5 Arts funding improves artists’ economic potential in a multitude of ways. Employing their transferrable skills, artists often work at exhibition venues as employees, where staff redundancy and museum closures are now likely. Artists may also receive public grants to create new work to share with and engage their community, and funding levels to individuals are already low.

2.6 Artists exhibit work in galleries and festivals, and if galleries are not forced to close through the proposed cuts, they will undoubtedly reduce their exhibitions and associated programmes. This means fewer opportunities for artists to show and sell their work, and for the public to enjoy or buy works of art and participate in gallery education programmes. Based on previous research, it can be estimated that the average artist achieves 15,000 direct visitors to their projects and exhibitions annually, and thus artists play a major role in audience development.

2.7 Before the latest cuts were announced, openly-advertised opportunities for artists had already begun to decline. The average value of a paid opportunity for artists has reduced by 50% since 2007.2 Recent data indicates that the value of employment opportunities for professional artists has already declined by 27%, when compared with pre-recession data from 2007. It is anticipated that 1 in 6 posts in universities will be lost – a worrying figure as universities are the ‘top employers’ of visual artists and play a key role in training the next generation of artists.

2.8 While arts organisations in England were able to appeal in 2009/10 for additional funding through Sustain, due to the economic downturn, grants to artists were not similarly enhanced. Artists, as sole traders, received no additional governmental support at a time when they needed it most. It seems that artists’ social enterprises are not being valued.

2.9 A sustainable investment in the arts and heritage sector will improve Britain’s economic recovery. There is considerable data supporting the value of the cultural economy in the UK. For every £1 that is invested, £2 is returned to the greater economy. From a purely economic standpoint, it does not make good financial sense to cut programmes that double the return on investment, and which cost so little to begin with. The arts budget costs a mere 17p per person/week. British tourism relies heavily on arts and culture, valued at £86 billion in 2007, or 3.7% of the GDP. It also directly employed 1.4 million people. Between 1997 and 2006 the creative economy grew faster than any other sector.3

3 - What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale.

3.1 The arts sustain and inspire a population in difficult times. Communities are able to attract and retain skilled workers whose commitment to place and sense of quality of life in their community help build vibrant towns and cities. The social benefits of participation in the arts include personal development, social cohesion, community empowerment, local image and identity, enhanced imagination and vision, and health and well being. The arts express the British values of diversity, tolerance and multiculturalism. They are a critical building block as our children build shared citizenship and understand one another. The benefits of arts programmes for young people also include improved communication, literacy and numeracy skills.

3.2 The visual arts community has already demonstrated the value of working more closely together, in order to reduce duplication and strengthen partnerships. In particular, AIR partners with Artelier (Artquest), DACS, and with regional networks of artists. AIR is an accredited collecting society for DACS Payback and supports the DACS campaign for artists’ resale rights.

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2 Data provided by a-n The Artists Information Company’s surveys since 1989 of openly-advertised jobs and opportunities and employment prospects for artists.
3 Statistical data provided by ACE: http://www.artsorganisation.org.uk/about-us/why-arts-matter/
to be extended to the estates of deceased artists. AIR is also a member of the European Council of Artists, participating in pan-European discussions and contributing to campaigns on legislative and economic change for the benefit of practitioners.

3.3 We are convening a meeting of national artists’ organisations in September, to explore creative and flexible ways in which we might work together for the benefit of our collective members, minimising any duplication and maximising our visibility. The goal is to identify shared ambitions as well as to highlight uniqueness and best practice. We feel it is timely in the current environment for the arts to envision new and different ways to collaborate, and make the very best use of our combined knowledge and expertise.

3.4 Artists present a model for a networked practice that could be more widely adopted across the sector. 75% of AIR members are active within artists’ networks and cite communication and exchange with like-minded people as an important part of pursuing a professional practice. The recently-launched AIR Activists programme is designed through access to knowledge and training to inform and empower very many artists to “speak for themselves.” It provides a platform for artists to assert themselves in local and regional arts decision-making as well as in national arenas in which arts and cultural policy is formed.

4 - Whether the current system and structure of funding distribution is the right one.

4.1 Research shows that funds awarded to an artist are returned directly to their practice, despite the assumption that funding to individuals is more ‘risky’ because their actions are not governed by an accountability structure (as with non-profit/charitable organisations). Seventy-two percent of artists are self employed4 and tend to spend 25% more time on a project than they have estimated in a proposal or application, usually because this enables them to push their practice further than they might do on the funds available. This additional time is ‘sponsored’ by the artist. It is important to note that the success rate for artists’ funding applications is low, with as little as 1 in 10 being realised.

4.2 Support to artists works well when it is centred and personalised to their practice and career development. Access to financing that is not attached to audience participation is a vital part of moving from being an emerging to mid-career artist, and in achieving financial viability. Where funding is tied tightly into specific expectations and requires the outcomes from a funded period to be articulated prior to the research or project taking place, it undermines the need for experimentation and risk that is inherent within artists’ practice, and a prerequisite for innovation.

4.3 It is demonstrated that peer-led funding schemes often work best for artists, as they automatically encompass the critique and exchange that assists to improve the quality of art, and raise artists’ aspirations for their practice. The impact of funding to an individual artist is shared across their networks and contacts, and thus ‘a small amount of money goes a long way’. Funding to groups of artists and networks for self-determined development, such as exhibitions and performances, have been proven to assist not only in the artist’s own development but in widening access to and understanding of the arts within peer networks, and across the matrix of ‘audiences’ that an artist reaches within a portfolio practice.

4.4 The value of awards and fellowships to artists has dropped 40% since 20075, due to the impact of the recession on public and charitable funds. Awards are crucial to secure the professional development that improves their work and aids their career development. They

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4 AIR survey 2009
5 Artwork survey 2009, a-n The Artists Information Company www.a-n.co.uk
recognise the achievement of local artists in our community, and celebrate their contributions to society through their work, and allow citizens to celebrate with them.

4.5 An alternative method of providing arts funding to artists would be to devolve funding to national and regional expert and peer organisations. Clarity of expectation for such devolved funding would be essential, and systems would need to be scalable, with online reporting, tracking and analysis to ease artists’ administration time and fast feedback. AIR would advocate for such developments, informed by effective programmes such as the artist-led NAN initiative that has successfully distributed peer-reviewed funds to artists through networks since 2004. Successful schemes have also been run by Live Art Development Agency, Artsadmin, Wysing Arts (Escalator) and artists’ studio groups.

5 - What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations.
No comment as this is not AIR’s particular area of knowledge

6 - Whether policy guidelines for National Lottery funding need to be revised.
No comment as this is not AIR’s particular area of knowledge

7 - The impact of recent changes to the DCMS’s arm’s length bodies – in particular to the abolition of the UK Film Council and the Museums, Libraries and Archives Council
No comment as this is not AIR’s particular area of knowledge

8 - Whether businesses and philanthropists can play a long-term role in funding the arts at a national and local level.

8.1 Much has been said about the search for private investment to make up the shortfall in public funding. While the sector is actively looking into increasing funding from private and corporate support, it becomes that much more difficult to achieve if it is not adequately matched by public funding. Private funding for the arts is already higher than public support, which exacerbates an imbalance of support for infrastructures. It has been said that for every £1 that the Arts Council England invests, an additional £2 is generated from private and commercial sources, totalling £3 income. This demonstrates their existing commitment to arts funding, but if there is decreased investment in public funding, it does not inspire the trust of private investors, who may now be similarly strapped for additional funds.

8.2 Public funding to artists to carry out their projects is spent within and therefore directly benefits a local economy. Case studies show that grant investment into artists’ collaborations and initiatives is matched and extended by up to 60% through additional resources such as sponsorship, funds from charitable trusts, in-kind support and various categories of earned income.

Note: Submission researched and compiled for AIR by April Britski, Director of CARFAC (Canadian Artists’ Representation / Le Front des artistes canadiens, www.carfac.ca) whilst on secondment to AIR, supporting implementation of its development and representation strategies. It is presented on behalf of the AIR Advisory Group (Council) of artists.

September 2010

6 http://www.a-n.co.uk/nan - evaluation reports available on request
7 Statistical data provided by ACE: http://www.arts council.org.uk/about-us/why-arts-matter/
Written evidence submitted by Southwark Arts Forum (arts 44)

What impact recent, and future spending cuts from central and local Government will have on the arts at a national and local level?

- Reduction in choice of activities
- Reduction in number of activities
- Reduction in diversity of activity
- Less risk taking
- Loss of innovation
- Loss of artists and their skills, as people change sectors because they can no longer sustain a living as an artist.
- Funding criteria from Trusts & Foundations more stringently adhered to and increase in applications to this source of funding.
- Reduction in sponsorship from business as the look to save costs themselves.
- Increased competition for private sector funding generally.
- Leadership of arts organisations diverted away from their core activity to spend more time on fundraising.
- Increase in demand for Fundraisers/ Development Managers.
- Individual artists hit hard as they struggle to find appropriate partnerships, space to work in and markets for their work.
- Anxiety, stress & pressure.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?

- Joint funding bids
- Shared office space, performance space etc.
- Look for alternative currency, eg. sharing skills or expertise in return for use of premises.
- There needs to be forums in every borough to facilitate cultural networks so as to aid these efforts to work together. Infrastructure to support ideas/info/skills sharing.

What level of subsidy for the arts is necessary and sustainable?

- Arts organisations, particularly community and volunteer led organisations are very good at working to a tight budget. More often they are operating on the bare minimum costs so as to get work done. The current levels of subsidy offered by local and national government are sustainable with inflationary increases. What should be applied to it is scaling down of support to help them become more self-sufficient. So whilst organisations would obtain 3 – 5 years funding. It would read something like:
  Year 1 at 75%
  Year 2 at 75%
  Year 3 at 55%
  Year 4 at 50%
  Year 5 at 33%

Whether the current system and structure of funding distribution is the right one?
• A move to directly funding local government to support the arts in their locality would be a better model. With each borough having its own cultural agency to provide the infrastructure to facilitate partnership working. Southwark is a good example of how well this model works and has been held up best practice example for others to follow. We are often asked to advise others on how such a relationship can work.

• Works to local government agenda.
• Usually in synergy with central Government objectives.
• Targeted to local needs.
• Support & sustainability is aided as its readily seen by local people as actually benefiting them and their community.
• Support for local individual artists should increase.

Whether business & philanthropists can play a long-term role in funding arts at a national and local level?

• Business have for many years supported the arts both at national and local level and encouragement to continue to do so is necessary. Tax incentives, employee’s development and community support. The support of agencies like Arts & Business has been valuable in helping business to engage with arts and culture.

Whether there needs to be more Government incentives to encourage private donations?

• Yes.
• Tax breaks
• Match funding from Government
• Recognition awards, like an ‘Investors in People’ Award.

September 2010
1. Summary

1.1 This submission is from Mission, Models, Money (MMM), a network of thinkers and doers whose vision is to transform the way the arts use their resources to support the creation and experience of great art. All of our activities are dedicated towards building the resilience of creative practitioners and organisations in order to help strengthen their capacity to be externally aware, rigorously self critical and risk positive.

1.2 An important strand of current work includes a project called Capital Matters which is exploring how best to support arts and cultural organisations in becoming more financially resilient. Our report will include recommendations about public and private sector funding.

1.3 Work for the project has comprised a number of elements – the main ones being research amongst medium sized arts and cultural organisations perceived by funders and support organisations as being at the leading edge in changing or adapting their business models in order to become more financially resilient, conversations with funding and financing organisations and consultation meetings with arts and cultural organisations. We are currently drafting a report on this work which we aim to publish for consultation by the end of September.

1.4 Capital Matters builds on previous MMM work and tests and develops our analysis. Our hypothesis is that many medium sized arts and cultural organisations are undercapitalised and over-extended. But while they are cash poor, they are often rich in other assets (particularly intangible assets in the form of creative or other IP, a strong brand or reputation and the good will of supporters and donors). Our analysis suggests that with access to appropriate capital, in the form of development grants, loans and quasi equity (or revenue sharing arrangements) and an injection of appropriate support with business development arts and cultural organisations could achieve greater financial resilience.

1.5 The Capital Matters report will consider financial capital and support needs in the arts and cultural sector and how these could be best met in the future by both the public and private sectors.

2. Introduction

1.1 MMM’s vision is to transform the way the arts use their resources to support the creation and experience of great art. MMM’s current fourth phase of work, which has been running since 2008, comprises a number of strands. The objective of all these strands has been to research, design and prototype, where possible, new ways of thinking and new ways of doing which will help organisations evolve their mindset and working practices in response to an increasingly turbulent operating environment. You can read about the MMM work streams in more detail on our website at www.missionmodelsmoney.org.uk, including in the resources section of the website and in the provocations section of the website where you will find ‘The Art of Living’.

2.3 One of our work strands focuses on collaboration. It has included piloting new collaborative, networked approaches to back office functions and externally facing service innovation and design amongst six groups of arts and cultural organisations in Scotland and the North East of England. Learning from the pilots will help develop a greater understanding by funders on how to approach, allocate and distribute grants and technical assistance for collaboration and a larger pool of specialist expertise which arts and cultural organisations can draw from to aid collaborative working.

2.4 MMM is also currently engaged in a project called Capital Matters which builds on our previous work and which will make recommendations about how arts and cultural organisations and public and
private sector funders can build financial resilience in the sector. We are currently writing up this work. A draft report will be published for consultation by the end of September.

3. The Capital Matters project – what is it about?

3.1 Since 2007 MMM’s research has established that thousands of arts and cultural organisations in the UK, critical to both the historical and contemporary cultural canon, are over-extended and under-capitalised. Typified by high fixed costs, inflexible business models and weak balance sheets, many are overly dependent on annual public sector grants in order to survive. However, our hypothesis is that the arts and cultural sector could become stronger and more resilient in the future if creative practitioners and organisations had access to appropriate financial capital and support in building organisational capacity.

3.2 Capital Matters is a project with three main elements:

- Research to examine the approaches that creative practitioners and organisations are already deploying to evolve current business models and/or develop new business models which assist them to build financial and organisational resilience.
- Consultation with frontline creative practitioners and organisations to investigate what changes to existing infrastructure support and/or what new kinds of support including changes to public and private funding policy and practice would help to build resilience.
- Discussions with public and private funding and financing organisations about how their practice supports or inhibits the building of resilience in the arts and cultural sector aimed at encouraging good practice.

3.3 Our overall goal is to encourage a funding/financing environment that invests in the sector’s long-term health and vitality. In MMM’s view this means providing access to an appropriate range of financial capital including grants, loans, quasi equity, exchange and barter arrangements and contract income. It also includes understanding non-financial support needs better. This is necessary to enable creative practitioners and organisations to deploy their existing assets better and to develop new assets – whether tangible or intangible in order to generate more of their own income into the future.

3.4 The project is being financed and supported by The Gulbenkian Foundation’s Innovation Fund, The Northern Rock Foundation, The Scottish Arts Council and Arts Council England.

4. Why is there a need for Capital Matters? Our analysis to date

4.1 Consultations with arts and cultural organisations carried out by MMM in 2007 strongly suggested that creative practitioners and organisations are both under-capitalised and over-extended. People working across the arts sector reported to us that:

- Public sector and foundation grants were spread ever more thinly.
- There was pressure to do more with declining revenue funding.
- Funding was tied to artistic product so organisations lack resources to invest in the development of their business model.

4.2 The research confirmed that the nub of the problem was as follows:

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1 MMM is using Mark Robinson’s definition of resilience “resilience is the capacity to remain productive and true to core purpose and identity whilst absorbing disturbance and adapting with integrity in response to changing circumstances”

2 Innovation in Arts and Cultural Organisations, Bakhshi and Throsby, Nesta Interim Research Report, (December 2009).

3 See http://bit.ly/aADLnI for a longer introduction to this subject

4 Tangible assets include buildings, equipment, dance floors etc; intangible assets might include intellectual property, brand strength or social capital generated by communities of interest including users, audiences, donors, funders and partners.
“Insufficient investment in the core of A&COs (arts and cultural organisations) – the leadership, management and systems that help to ensure organisations run efficiently and effectively. This lack of investment creates a vicious circle. Organisations lack resources – skills, expertise and money – to invest in creative ways of generating resources (for example for investment in research and development and to exploit the intellectual capital generated).”

Amongst our recommendations, designed to address the problem, was the setting up of a new underwriting fund (where a sum of money is reserved and called down only if needed) to provide creative practitioners and organisations with the confidence to take artistic risks, develop new initiatives or simply to enable them to weather cash flow difficulties.

4.4 The 2007 MMM research also confirmed two other important issues:

- The need to provide advice and expertise to help creative practitioners and organisations better understand their finances,
- The need to clarify and match the correct funding/financing options with the right sorts of projects or activities in order to enable organisations to flourish.

Without such matching, investment may at best be unproductive and at worst counterproductive. To quote Clara Miller, head of the Non Profit Finance Fund in the US:

“It’s no good accessing investment to enable you to make more widgets if you’re making a loss on each one; it simply makes your situation worse”

4.5 Clara Miller argues that there is a fixed relationship between mission (programmes), model (organisational capacity) and money (capital structure) with any change in one inevitably having an impact - planned or unplanned - on the others. Action is therefore needed on all three fronts at the same time to enable non profit organisations, including those who work in the arts and cultural sector, to flourish.

4.6 During 2008 and 2009 we have developed our analysis further concerning the difficulties reported to us in 2007. Through a consultancy project in the North East of England we have been able to work closely with a group of building based arts and cultural organisations and funders to develop a strategy aimed at achieving greater financial resilience.

4.7 The organisations we were working with found it difficult to raise funding for core operating costs. As a result they did not have adequate reserves and they lacked resources to invest in their organisation and their future artistic development. Typically this meant they could not do one or more of the following:

- make provision for future spending needs in relation to building and plant;
- finance adequate rehearsal time;
- commission new work and support emerging talent;
- invest in improving existing methods of income generation - for example, employing an additional fundraiser or events person;
- develop new income generating ideas;
- purchase an appropriate share in the IP produced by the artists they worked with;
- invest in their organisational capacity to support their work.

4.8 Interviews with the organisations suggested frustration and thwarted ambition:

“We do what we do but we aren’t able to grow content and content is all.”

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And a drift towards a position where it was becoming more difficult to take artistic risks because the imperative to cover significant fixed costs demanded conservatism in programming.

4.9 Although these organisations were cash poor, they held significant assets in the form of buildings or intellectual property they had helped develop and they also had access to significant social capital through their pool of supporters and donors. MMM concluded that they could become more financially resilient by better exploiting their existing assets and developing new ones. We proposed a number of measures aimed at assisting them to do so, including:

- Grants to support research and development work on collaborative income generating ventures
- The establishment of a revenue and risk sharing fund providing support for new income generating projects and providing access to appropriate business support.

You can read more about this project in the Resources section called Money on the MMM website.

4.10 During 2009/10 we reviewed a small action research project also in the North East of England aimed at testing whether an injection of capital (in the form of a grant) coupled with appropriate business support could help four different arts and cultural organisations develop new projects which would enable them to generate more of their own income over the medium to longer term.

4.11 All four of these projects are about digitisation. The approach taken is one of ‘asset based development.’ Put simply this means building on existing skills and expertise and better exploiting products and services that have already been developed. For example, bringing popular off-line products and services online to reach a wider audience and using techniques such as up selling and cross selling.

4.12 Although it is very early days and some of the projects are still in development, this initiative suggests that relatively small capital investments may generate lasting value in a range of ways including financially.

Benefits to this cohort have been:

- Access to effective and appropriate business diagnostic skills to identify and refine market opportunities and a critical pathway;
- Development of new on-line products and services;
- Development of audiences through social marketing.

4.13 This piece of work suggests the potential of digitisation for some arts and cultural organisations; it demonstrates that digital tools can be the corner stone or catalyst for some strategies designed to support greater resilience.

4.15 The results of this review have helped us to understand better the key role that appropriate business support plays in helping arts and cultural organisations develop successful new income generating ventures and the challenge that organisations face in funding the transition to more financially sustainable ways of working.

4.15 Key findings were:

- For the organisations involved the capital provided was contributing towards greater public engagement; art form and content development; progress in the articulation of value and development in management and governance.
- All the business ventures pursued were core to achieving organisational mission.
• All the ventures were helping the organisations involved to build new communities of interest, extend reach into new markets, build their reputations and articulate their value.

4.16 In summary the new research commissioned through Capital Matters reflects further on these findings. In Capital Matters we are looking more deeply at how arts and cultural organisations are adapting and changing in order to become more financially resilient and what organisations identify as

- funding and financing options;
- attitudinal barriers they encounter and how they are being overcome;
- support needs and how these are currently met.

4.17 The findings from this new research will be summarised in our consultation report which will be published for public consultation by the end of September

*September 2010*
Written evidence submitted by engage (arts 46)

This response is sent on behalf of engage, the National Association for Gallery Education. engage is the lead organisation in the UK and internationally supporting education and learning in galleries and visual arts organisations. engage has more than 1,000 members in some 330 organisations ranging from the national museums to local authority and independent galleries and visual arts organisations. engage focuses on advocacy, professional development, dissemination of practice, projects and research. engage works with gallery educators, artists and teachers and with children, young people and adults through its projects and research.

Summary of key points in submission

- Research demonstrates that children and young people gain huge educational and social benefits from access to the visual arts and artists. A decrease in funding to galleries and visual arts organisations will result in less education and learning resources for children and young people.

- Arts organisations work in strategic partnerships and have effective networks that enable audiences to access high quality art and learning experiences.

- Plural funding for the arts is healthy - funding from the public sector attracts funding from other sources to the arts. Private donors and the business sector are not interested in ‘plugging the gap’ left by a reduction in public investment in the arts. Private donors and the business sector are interested in supporting ‘success’ and are likely to focus their support on high profile urban arts activities. Public funding is necessary to provide a cultural offer across the UK.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

1. Reduced public investment in the arts could decrease children, young people and adults’ access to the arts. Galleries and visual arts organisations may struggle to sustain education and learning programmes. This will impact on the capacity of galleries and visual arts organisations to work with audiences in particular with education organisations.

2. The Ofsted report ‘Drawing Together: Art, Craft and Design in Schools’ (2009) argues that standards of teaching and learning are raised by schools working with artists and visual arts organisations and recommends that every child have a direct educational experience with an artist and art in a gallery or visual arts venue. The report suggests that not enough schools are working with artists and galleries and argues for more professional development for teachers to support them to work with artists and galleries. Watch this Space, the professional development programme for teachers and artists delivered by engage since 2004 as part of the Strategic Commissioning Programme in Museum and Gallery Education, funded through the Museums and Libraries Archives Council, is sited in the report as an example of excellent practice.

3. Reports such as ‘Get it the Power of Cultural Learning’ (2009) argue that despite exemplary practice in the cultural sector in learning and education, cultural organisations could make education and learning central to their mission, thereby creating more accessible cultural organisations that deliver greater public benefit.
4. Research from Burns Owen Partnership of ‘Find Your Talent’ 2010 suggests that socially privileged people are more likely to participate in cultural activities than vulnerable young people. With reduced resource for education activities, cultural organisations may struggle to engage with less privileged young people. More resource is required for cultural organisations to work with vulnerable young people than with more privileged groups. Research through programmes such as enquire, the visual arts strand of the Strategic Commissioning Programme in Museum and Gallery Education supported by the DCMS and DFS, demonstrates that young people gain enhanced self confidence and decision making skills through working with artists and galleries. These are qualities that can enable young people to make a contribution to society.

5. Galleries and visual arts organisations are important resources for building a healthy, responsible society. Galleries respond to the needs of a diverse range of audiences. They work proactively with audiences and respond to the different needs of older people, family groups and early years groups, as well as of the wider public. ‘Excellence in Schools’ (1997) and research in 2010 by Creativity, Culture & Education (CCE) argue that family relationships can be developed through family learning programmes in galleries.

6. The cultural sector is a vital element of the UK economy. Cultural organisations play a key role in nurturing talent and encouraging young people to undertake education, employment or training in the cultural sector. The erosion of the cultural sector through a downturn in public funding will lessen the cultural sector’s capacity to nurture young talent. This could have a negative impact on the UK economy and on the UK’s reputation as a leading nation with high quality, innovative cultural and creative industries.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

7. Membership organisations such as engage already provide a very powerful connected, active and cost affective network. engage members network and share practice through Area Groups in England. engage has the capacity to work strategically with galleries and visual arts organisations across the UK and key partners, to deliver research and projects. For example, since 2004 engage has worked with the Museums Libraries and Archives Council and with the Arts Council of England on visual arts strands of the Strategic Commissioning Programme in Museum and Gallery Education. This has developed capacity providing professional development to teachers, artists and gallery staff and has enabled children and young people to access galleries and the visual arts, many of them for the first time. Work across the UK has included research on the Foundation Phase curriculum and a programme supporting access to galleries and museums by disabled and deaf people. Partners in these programmes have included the Welsh Assembly Government and Creative Scotland.

8. Galleries, visual arts organisations, museums and education organisations are already collaborating together effectively. For example, engage works with national organisations such as Tate, the Crafts Council and the Museums Association as well as with other membership organisations such as AXIS (a digital listing service for artists) and NSEAD (the subject association for art and design teachers).

9. There is potential for arts organisations to work in partnership to duplicate effort and save resources. This could include sharing backroom services (e.g. aspects of
finance, website development and membership services) and collaborating on the
delivery of programmes and activities.

10. Sharing services and collaborating enables organisations to save resource, share skills and to reach wider and more diverse audiences. However, organisations such as engage also have specialist knowledge, expertise and a remit which is valued by the visual arts and education communities and brings benefits to audiences of the visual arts. While it is important to avoid duplication of delivery within the cultural sector in a period of limited resources, it is equally vital to recognise the distinctive and vital role that individual cultural organisations play.

**What level of public subsidy for the arts and heritage is necessary and sustainable?**

11. The arts have enjoyed a period of sustained growth since the 1990s. Small amounts of public subsidy have encouraged the arts to flourish and have been matched through funding from trusts and foundations, the private sector and individuals. Research by Arts and Business and the Arts Council of England demonstrates that the private sector, individuals, trusts and foundations will not step in to pick up a funding shortfall for the arts left by downturn in public sector funding. Trusts, foundations, the private sector and individual donors have their own agendas for supporting the arts. These may not be in tandem with the priorities for the arts set by government or the respective arts councils. It is difficult to predict the amount of funding from outside of the public sector that may come to the arts and how sustainable this is. It is very difficult for arts organisations to plan and work strategically when it is hard to anticipate the amount of funding available in the future.

**Whether the current system, and structure, of funding distribution is the right one**

12. The UK has an international reputation for high quality arts and cultural provision and an ‘arms length’ funding system which makes a clear distinction between political ideology and funding decisions for the arts and culture. The Arts Council of England, Creative Scotland, Arts Council of Wales and Arts Council of Northern Ireland all play an important role in administering funding to the arts sector. These organisations have recently under gone significant restructuring and review which has lead to a reduction in staff and therefore capacity. Staff within these organisations have specialist knowledge of the arts together with an overview of cultural provision and government policies which can enable them to make strategic decisions which can enable cultural provision in the UK to flourish.

**What impact recent changes to the distribution of National Lottery funders will have on arts and heritage organisations**

13. The review of the distribution of the National Lottery could mean an increase in funding from the Lottery to the cultural sector. This could augment funding from the public sector. Given the fragility of funding from other sources such as the private sector and individuals this is a hugely important source of funding for the cultural sector.

14. Public funding has been shown to encourage philanthropic support – increased lottery funds will enhance the cultural sector’s ability to gain funding from individuals. Lottery funding is also essential for projects and programmes that
traditionally find it harder to gain funding from individuals – for instance, those working with offenders, vulnerable young people or refugees.

**Whether the policy guidelines for National Lottery funding needs to be reviewed**

15. The current guidelines for the Arts Council of England from DCMS are very broad. The guidelines particularly focus on using Lottery funds to support programmes that encourage access to the arts, especially for non-traditional arts audiences and for children and young people; to nurture talent; to support local community initiatives; and to encourage volunteering and participation in the arts. These are very important funding principles which support and enable access to the arts, particularly for audiences new to the arts. Participation, working with non-traditional arts audiences, nurturing talent and engaging with communities are all areas that education and learning programmes in galleries and visual arts organisations focus on.

**The impact of recent changes to DCMS arms length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council**

16. As stated above, engage has worked with the Museums Libraries and Archives Council to deliver a professional development programme for teachers and artists. The MLA provides valuable services supporting access to museums, libraries and archives and developing professional standards within these organisations. Programmes such as Learning Links, delivered by MLA for the Strategic Commissioning Programme in Museum and Gallery Education, support non-visiting schools to access museums, libraries and archives. Without the support provided though MLA there is a threat that small and medium scale organisations who particularly benefit from the support of a national organisation may struggle to provide high quality learning and educational services - and indeed to operate. The UK’s cultural framework is enhanced by having organisations of differing scales serving regions and sub-regions, as well as those with a national remit. MLA has had a role in brokering partnerships between national institutions and regional ones, increasing access and participation across the country.

**Whether business and philanthropists can play a long-term role in funding arts at a national and local level**

17. Plural funding is important for the health of the cultural sector. However, recent research by the Arts Council of England and by Arts and Business suggests that the businesses and philanthropists are not interested in replacing public funding that has been withdrawn.

18. Businesses and philanthropists have an interest in supporting additional, rather than core, activities delivered by successful cultural organisations. Traditionally high profile cultural organisations, particularly those in London and in other major cities, have attracted support from these groups. The Arts Council of England and Arts and Business argue that this pattern is likely to continue; this would mean that medium and small-scale cultural organisations, particularly those outside major cities, are unlikely to receive significant funding from private sources.

19. With a decrease of public funding to the cultural sector there is a threat that while large-scale urban cultural organisations will survive, small and medium-scale
organisations will not. Small and medium-scale organisations play a vital role providing a cultural infrastructure in regions and sub-regions. They provide access to the arts to students and teachers and to vulnerable groups who find it difficult to travel significant distances to larger cultural venues. The private sector and individual donors are not a reliable source of funding for the cultural sector over the long term. A cultural sector more dependent on funding from these sources with less core funding from the public sector is likely to be less robust, less able to plan strategically and for the long term and therefore represent less value for money and provide decreased public benefit.

**Whether there need to be more Government incentives to encourage private donations**

20. The Arts Council of England and Arts and Business suggest that tax incentives such as those used in the United States would stimulate giving to the cultural sector from businesses and individuals. The Government have a responsibility to work with key organisations such as the Arts Council of England to put in place incentives to encourage private philanthropy. The Arts Council of England argue that developing a culture of private philanthropy in the UK will take time. There is a danger that a drastic reduction in public investment in the arts in the short term and the absence of other funding to ‘plug the gap’ will leave to the irrevocable erosion of the UK’s arts infrastructure.

*September 2010*
Written evidence submitted by Newcastle City Council (arts 47)

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?

- **What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level:**
  This depends on the scale of future reductions. But government needs to be mindful that reductions in its funding of the sector will also be mirrored by reductions in funding from local government. Unless central government protects the sector and makes a smaller percentage cut, these organisations, and the sector as a whole face, significant budget reductions from two fronts.

  The national arts budget is relatively small compared with many other countries – it amounts to the equivalent of 17p a week per person. In return we have world-class arts and artists, a sector that gives the UK an international edge as a creative place to live, work and do business and a sector that is a big job creator and regenerator of cities and communities – and the Newcastle area is one of the country’s best examples.

- **What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale:**
  Voluntary sector organisations must make every effort to share bureaucracy and ‘back office’ costs to achieve maximum efficiency and protect programme and delivery. ACE should consider additional support programmes such as the recent ‘Thrive’ and perhaps consider an ‘Invest to Save’ scheme for those organisations keen to take a more creative approach to finding efficiencies.

- **What level of public subsidy for the arts and heritage is necessary and sustainable:**
  There are many examples of Arts activity, and associated education and outreach programmes, which are not sustainable through income generation and philanthropy. Work with disadvantaged groups of people, the scope to experiment with art forms, and the attraction of new audiences all require subsidy. Mainstream provision, and the support of the truly transformed cultural infrastructure also require subsidy if the cultural life of cities, towns and other communities is not to be decimated in the new future.

  Investment in museums through the Renaissance programme and other funding has led to unprecedented levels of people engaging with museums, an increase in visitor numbers and more diverse audience for museums. It has also changed the nature of engagement with museums from a passive visit to a positive experience which contributes to learning and personal development and to health and wellbeing, with individual benefits also being realised at community level. Conversely a reduction in investment will threaten this. Whilst some the legacy of what museums have achieved will last for a short while, its effect will be limited if activities and programmes cannot be sustained. Museums provide good value for the investment made by the public sector but reductions in funding could disproportionately impact on outputs and outcomes. Renaissance and related museum activities have not only helped to change lives but have also had strong economic benefits, in particular supporting tourism, and have significantly developed opportunities for and the contribution made by volunteers as well as really working to engage people with their museums through consultation, coproduction and involvement of communities in programming and management.

- **Whether the current system, and structure, of funding distribution is the right one**
  Funding should be delivered with reduced, and the very minimum of bureaucracy, and should be granted for a reasonable period of time (at least 2-3 years). There should also be sufficient notice (at least 6 months) as programmes come to an end with a clear indication...
of future programmes. This is important for the sector as a whole, and crucial for the smaller organisations within the voluntary sector.

- **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations:**
  The changes to both the Heritage Lottery and Arts Lottery will be beneficial for the sector, supporting both smaller grants and some larger grants. Although many organisations have had significant capital investment there are still a number of capital projects which, with lottery and other investment, could produce significant benefits for jobs, for tourism, for lifelong learning and for quality of life.

- **Whether the policy guidelines for National Lottery funding need to be reviewed:**
  The City Council is pleased to see that the national Lottery will be restored to its original distribution proportions. Both in the north east and nationally the proven benefits of significant arts, sport and heritage initiatives supported by the lottery indicate just what these sectors can achieve.
  We feel that it is important that the ongoing policy reflects both the reduced availability of capital funding and current challenges to revenue funding. Whilst many cultural buildings have been re-energized through lottery funding and have delivered benefits in terms of tourism, jobs created and learning outcomes, there are significant museums, galleries and other cultural facilities which have the potential to significantly increase their contribution to the local economy and society with investment in capital infrastructure.
  The lottery has also supported ground breaking revenue projects both at community and wider level. As the lottery distributors have now established themselves successfully and developed strong policy bases it seems appropriate to allow them to shape programmes more effectively and where they can identify gaps or needs to target activity and, where appropriate, to solicit grants.
  We would welcome the opportunity for the whole sector (for example public libraries) to become eligible for both revenue and capital lottery funding.
  It is also hoped that in future there can be a more joined up approach between lottery distributors. For example projects involving historic and contemporary art may require joint funding applications to Arts and Heritage lotteries – too date these have been difficult to facilitate.

- **The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council:**
  It is difficult to properly respond to this question when so little is known about successor arrangements, and there appears to be so little open discussion about the future. A more transparent and inclusive debate about future arrangements would be welcomed.
  **Museums, Libraries and Archives Council : MLA**
  The national work and programming by MLA will presumably be transferred to whichever organisation takes over this function.
  The work of the MLA in the regions must not be overlooked. MLA-North East, for example, provides a local context for national initiatives and also supports regional working through projects like the North East Accessible Library Information Service (NEALIS) for blind and visually impaired people. They have commissioned significant local research into Information, Advice and Guidance (IAG) etc., and most recently they have supported local library services with some revisioning of library services.
  MLA have been effective locally acting as advocates for library services particularly to Chief Executives who, in some authorities, are not easily contactable by the heads of service (not the case in Newcastle). The libraries modernisation programme is a good example of regional MLAs delivering a nationally agreed priority.
  It is important that whatever replaces MLA still has a regional function, and can provide dynamic leadership for the museums, libraries and archives sector.
It is also very important that the museum development function continues to be delivered to support regional museum. In the North East this works successfully with the Museum Development Officer working within the regional Renaissance team and working closely alongside MLA officers.

**UK Film Council**

We are concerned about how the regional work of UK Film Council organizations will be managed in the future…and what regional input there will be. The north east has been well served by Northern Film and media, and we are concerned that these benefits will be lost.

The loss of regional control of the Arts Council as it became part of a national body was an earlier blow, as was the abolition, also by the previous government, of Culture North East. The strength of culture in the region, and its transformational effect, was largely down to inspirational leaders and strong cultural institutions, with a wide base of support among all sectors in the region. Care must be taken about further dismantling of this infrastructure.

- **Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level:**

  Philanthropy, and the opportunity to develop it for the sector is not consistent across the country. In the North East, for example, there is a comparative shortfall in the number of high net worth individuals with disposable assets (amongst the wealthier people much investment is tied up in fixed assets) and of head offices or large regional firms where the decision on sponsorship is made locally. This significantly reduces our ability for this type of fundraising. It is particularly difficult to develop philanthropic funding to support revenue costs.

- **Whether there need to be more Government incentives to encourage private donations.**

  Increased tax incentives focused on encouraging philanthropy in this area would be welcome. Specific government initiatives to support the engagement of businesses with culture are also important. It is important that this work goes beyond the ‘easy win’ of encouraging business, for example, to hire paintings for board room walls. Valuable as that is, there is much more that business and culture have to offer to each other.

*September 2010*
Written evidence submitted by the National Trust (arts 48)

Summary of main points

- The arts and heritage sectors operate through a mixed economy
- Private sector support is vital, but market failure means that Government also has an important role in maximising the benefits that derive from a healthy cultural sector
- The historic environment has suffered real-terms reductions in Government subsidy over the last decade. All public sector bodies have a role to play in tackling the deficit, but to disproportionately penalise the historic environment further is likely to lead to increased costs in the future
- We fully support the Government’s proposal to restore the original shares apportioned to the Lottery good causes, including the arts and heritage, and the Government’s recognition of the importance of the additionality principle
- Attention needs to be paid to the transfer of some crucial functions within the Museums Libraries and Archives Council, once that body ceases to operate after April 2012
- Care should also be taken over the possibility of merging the Heritage Lottery Fund into English Heritage. There are some good reasons why the two bodies currently operate independently of one another.
- More might be done by Government to improve the conditions in which fundraising for arts and heritage takes place. This might be done by making the administration of Gift Aid simpler and more efficient, improving the conditions for lifetime giving, and removing the restrictions imposed on public sector bodies through the end-year flexibility rules

Introduction

1. The National Trust is one of Europe’s largest conservation charities, with 3.8 million members and an annual turnover of around £400 million. Our pay-for-entry sites attract over 17 million visits each year and comprise over 300 historic properties and a collection of 2.5 million separate items, much of it of highly significant historic and artistic value. Our experience and the scale of our operations may therefore bring a unique perspective to bear on the issues that the Committee have declared an interest in exploring.

Funding

Questions:
- What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?
- What level of public subsidy for the arts and heritage is necessary and sustainable?
Whether the current system, and structure, of funding distribution is the right one?

2. The arts and heritage sectors operate through a mixed economy. Much activity is driven by the contributions of private individuals – paying for tickets or admission, becoming members, donating fundraising contributions, buying goods and services, or, in the case of heritage and the historic environment, owning and caring for the assets themselves. This private sector approach to funding arts and heritage is to some degree exemplified by the National Trust’s own business model. Nearly a third (31%) of our income derives from the subscriptions of our members, with the rest of our income coming from legacies (16%), enterprises (14%), investments (9%), rents (9%), catering operations (8%), admission fees (4%) and fundraising appeals (3%). Just 6% of our total income is attributed to grants provided by the public sector and others, although of course we also benefit greatly from the tax advantages that come with our charitable status.

3. Taking a broader perspective, however, it is widely accepted that the health of the arts and heritage sectors depends on public subsidy of one sort or another. This is because of the market failures that are present within these sectors, given the ‘public good’ characteristics of the services that they provide. At the same time, heritage and the arts provide significant economic and social benefits: heritage tourism is said to be worth over £20 billion a year to the UK economy. Such ‘externalities’ are also evidence of market failure, since Government intervention is required to ensure that their full value is realised.

4. Where market failure can be demonstrated, a measure of ongoing public sector support can be justified in the interests of maximising the overall level of benefits to society. Conversely if this support is withdrawn, and service provision is left solely to the commercial sector, there will inevitably be a diminution in the overall level and quality of provision.

5. The welcome improvements to funding for the cultural sectors over the last 15 years have seen increases in grant in aid to Arts Council England, the reintroduction of free admission for the national museums and galleries, and new schemes such as Renaissance for the Regions. These have led to all sorts of benefits, not least the increased levels of participation shown in visitor figures to the major museums, and the competitive economic advantages that derive from a vibrant and creative cultural sector.

6. Not all DCMS sectors have benefited equally over this period, however. In particular, the historic environment has suffered from cuts in the grant in aid allocation that has gone to English Heritage. In real terms, English Heritage’s grant in aid fell by more than 11% in the ten years from 2000/01, while Arts Council England’s grant in aid increased by 41% over the same period.

7. This has of course happened at the same time as the Heritage Lottery Fund has made a transformative difference to the support available to heritage of all kinds. But the additionality principle means that Lottery funds should never be regarded as substitutes for funding provided through taxpayers’ money. The

1 National Trust Annual Report.
2 Investing in Success (HLF/Visit Britain, 2010).
3 Figures from DCMS.
real-terms reduction in support for English Heritage has, instead, meant straightforward cuts in the level of support that was previously available, for instance in the form of grants to the private owners of historic properties, for essential conservation and maintenance.

8. We know that the Government is committed to tackling the public sector deficit and that DCMS and its Arm’s Length Bodies are facing potential cuts of 25-40%. This, ultimately, is a political judgement, which should also be viewed in the context of the Government’s aspirations for building a Big Society. However, there are likely to be costs incurred as a consequence of cuts of this scale, which we fear could create longer-term problems. In particular, further cuts in English Heritage’s grant-in-aid, as well as in local authority resources, are likely to mean:

- more buildings put at risk;
- less support for education and outreach within the historic environment sector;
- fewer conservation officers at local authority level, leading to poor decision making;
- the new Planning Policy Statement on the historic environment (PPS5) not being implemented as fully and effectively as it should be.

Lottery

Questions:
- What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations?
- Whether the policy guidelines for National Lottery funding need to be reviewed?

9. The Lottery is a powerful force for change within the arts and heritage sectors. The Heritage Lottery Fund, for example, has truly transformed perceptions of the value of heritage and its relevance to the lives of individuals and communities. By refusing to define in any restrictive way the types of ‘heritage’ that it funds, the HLF has helped to broaden understanding of the manifold ways in which the past is a living part of today’s society.

10. We therefore fully support the Government’s proposal to restore the original shares apportioned to the good causes, including the arts and heritage. This could have powerful benefits in promoting the Big Society, since arts and heritage have a major role to play in galvanising community action and support.

11. We also welcome the Government’s recognition of the importance of the additionality principle in relation to the Lottery. Lottery funding should not be a substitute for Government subsidy, and nor should any increase in the shares apportioned to the good causes of arts, heritage and sport be used as a justification for reducing Government support in these areas. Decisions on Lottery grants should continue to be made by Trustees operating independently from Government.

Structures

Questions:
What will be the impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council?

12. The Government’s decision to abolish the Museums, Libraries and Archives Council by April 2012 leaves a number of as-yet unanswered questions about how some key (and in some case statutory) functions will be delivered going forwards. These include the expert advice that is needed in handling Acceptance in Lieu transfers and the Government Indemnity Scheme, the professional understanding that underpins the process of museum accreditation, and the support for regional museums provided through the Renaissance in the Regions programme. We expect that arrangements for the transfer of these functions to another body should be undertaken in a way that seeks to preserve as far as possible the expertise that resides at a professional level within MLA. If this expertise is lost, it would represent a huge net cost to the taxpayer, as well as potentially jeopardising the survival of valuable parts of our heritage.

13. The DCMS is also considering the possibility of merging the Heritage Lottery Fund with other of DCMS’s heritage bodies, in particular English Heritage, as part of the forthcoming Public Bodies Bill. The pros and cons of such a move would need to be considered in great detail before any changes are made. For example, while the proposal may offer some marginal savings (in terms of overhead costs), it raises some difficult questions about keeping the Lottery-giving powers of any new body distinct from its regulatory powers (for example within the planning system) as well as its more commercial role in operating the existing English Heritage visitor attractions. Moreover, as has been noted, the Heritage Lottery Fund has a far broader definition of ‘heritage’ than English Heritage, and operates UK-wide (rather than solely in England).

Philanthropy

Questions:
- Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?
- Whether there need to be more Government incentives to encourage private donations?

14. Businesses and philanthropy can play a very important part in supporting heritage and the arts at all levels. Our recent acquisition of Seaton Delaval in Northumberland is a good example. The fundraising campaign led by the National Trust saw over £1m raised through the donations of people in the local community, a clear demonstration of their commitment and support for the property and its acquisition. Local businesses were also generous in their support, as was the Regional Development Agency. This experience demonstrates what can be done when individuals, businesses and charities work together, underpinned by support from the Government through the Acceptance in Lieu scheme (administered by the Museums, Libraries and Archives Council on behalf of HM Revenue and Customs).

15. We agree that more might be done by Government to improve the conditions in which fundraising for arts and heritage takes place. Making the administration of Gift Aid simpler and more efficient, for example, would help to ensure that more people take advantage of it, and understand the difference that it makes.
There could also be benefits in adjusting fiscal incentives in ways that would promote lifetime giving to the arts and heritage sectors.

16. For organisations within the public sector, a potential barrier to increasing income from philanthropic sources is the complexity of the rules around end-year flexibility that the Treasury imposes across all Arm’s Length Bodies. These rules are designed to ensure Government can keep control of the overall level of public expenditure, but they serve also to restrict those bodies’ use of funds held in reserves, which might have been raised from entirely private sources. The problem particularly affects DCMS’s Arm’s Length Bodies, since so many are established as charities, and are therefore required by law to hold adequate reserves or to raise funds from private sources for furthering their charitable purposes. Restrictions on the use of these funds potentially means the Government is operating against the terms of charity law, and also provides a disincentive for donors to give without fear that their funds will be effectively ‘frozen’. DCMS and Treasury should discuss whether there might be a case for giving Arm’s Length Bodies in the arts and heritage sectors more freedom to raise and spend money drawn from private sources without risk of contravening rules that were designed primarily to control against excessive burdens on taxpayer’s funds.

*September 2010*
1. **What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level**

Significant spending cuts will affect the strength and competitiveness of the creative industries in London and the UK. It is important for the arts and heritage sector to be able to maintain the quality of the delivery of their services and if affected by cuts this will impact on visitors’ experience and hence London will as a result suffer in terms of being able to attract businesses, filming and visitors alike. There is also a particular risk of cuts affecting already arts and heritage provision at a local level. As local authorities will have to prioritise statutory services, cut back will affect creativity at grassroots level.

2. **What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale**

Arts organisations should look more closely at partnership working and sharing of resources where possible. There is a definite need for advocacy at a national level and the ability of an organisation like the Arts Council being able to take an overview of the sector and hence being able to make links.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable**

There needs to be a careful balance. Arts and heritage services do require public funding for their core costs and cannot rely on philanthropy for these. It is also important to keep in mind the value of free access to a number of the arts at the moment such as museums. We agree with the Arts Council’s assessment that any saving in excess of 10% to 15% would have a serious impact with regards to the ability of individual organisations to deliver their core functions and services.

4. **Whether the current system, and structure, of funding distribution is the right one**

ACE is excellently placed to be a router for national and regional funding and we support their recent suggestions to make the funding structure increasingly flexible.
5. **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations**

Although we welcome the shift in favour of arts and heritage we find it difficult to comment on the recent changes, particularly in the light of the recent announcement with regards to the abolition of the UKFC. We would like to emphasise that lottery funding should not be allocated as a replacement for core services.

6. **Whether the policy guidelines for National Lottery funding need to be reviewed**

Over the last 10 years it has been less clear what the lottery funds are designated for and there has been a use of lottery funds for core services. We believe that lottery funding should not be a substitute for that and would welcome a review to clarify this.

7. **The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council**

At this stage we understand that government remains committed to film and the museums sector and that the funding will be routed in a different way.

8. **Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level**

Businesses and philanthropists can play a long-term role in supporting arts and heritage but should not be relied on for funding such organisations’ core costs.

9. **Whether there need to be more Government incentives to encourage private donations**

If government wants to promote philanthropy for the Arts and heritage sector then it would be helpful to put in place some incentives. However, this should not be at the detriment of funding to core services.

September 2010
Written evidence submitted by Faceless Company Ltd (arts 50)

Summary

- Faceless is a small organisation delivering street arts and community arts projects established 20 years ago. Its funding mix is 50% earned income, 26% project funding and 23% core cost funding.

- A 25%-30% cut to our core funding would have a devastating impact on a small organisation due to the fact that earned income is often recycled public money and commissions and commercial income is reduced due to the economic downturn.

- Many small scale arts organisations are already running to tight a ship to share staff resources although the option of ensuring that new builds of schools, community centres and public buildings and regeneration projects provide working space for arts organisations at peppercorn rent could have significant impact on levels of arts subsidy needed from central and local government.

- Public subsidy is essential as the market will not pay the price for the labour intensive product and many organisations cannot deliver the volumes to ensure a commercial return on investment.

- The Arts Council and Heritage Lottery Funds are effective deliverers of public funds. Central and Local Government could do more to ensure smaller organisations are able to access commissions for work which deliver central and local government initiatives. The level of bureaucracy within the present system favours national charities and larger organisations.

- The arts should benefit from an increase in funds through the lottery good causes. However, these increased in funds from the lottery appear unlikely to offset the total impact of the cuts to central and local government that will filter down to arts providers.

- The Big Lottery Fund would be more effective if it actively supported R & projects where community organisations can work with local people to gain 'buy in' to a larger project.

- A way of ensuring businesses and philanthropists support the smaller, less visible projects is to tax pre-tax profits as a % for arts and to instigate a voluntary donation scheme from philanthropists that could be distributed through the current funding bodies.

1. Context for our submission, who Faceless is and what it does.

Established in 1990, the Faceless Company aims to increase access to the arts through outdoor performance, community arts and event management projects. The company strives to deliver its work free of charge to communities that otherwise will have little or no access to live performance or creative activity. Faceless works extensively with young people and marginalised communities using the arts to develop self-confidence and aspirations, explore identity, foster a sense of belonging as a means and nurture active citizens.

This submission is made by Bev Adams FRSA BA Hons, founder member, Artistic Director & CEO of Faceless. Faceless employs 3 full time staff and a further full time equivalent of 3 staff made up of freelance artists working on a project by project basis.

The company turns over £250K per annum and its funding mix is made up of 50% earned income from local authorities, statutory organisations, national charities, voluntary sector organisations, festival programmers and shopping centres, 26% project funding from the
lottery (Arts & Heritage) trusts & foundations and 23% core funding from Arts Council, Wakefield Council and West Yorkshire Grants. 2009/10 figures

2. Recent impact of spending cuts from central and local Government on the arts on a local and national level

The immediate 10% cut had little impact on small organisations such as ourselves, as it made up such a small amount of our overall income.

3. Future impact of spending cuts from central and local Government on the arts on a local and national level

A 25%-30% cut to our core funding would have a devastating impact on a small organisation such as ourselves. The issue is compounded by the fact central and local government spending cuts affect all aspects of our income generating options. In the current economic climate, we have already seen a reduction in our earned income as local authorities and statutory organisations cut back on commissioning work and spending on the arts. In addition, our voluntary sector clients, whilst commissions from them are treated as earned income from us, are really recycled public funds that they have made application for and commission us to deliver. This means that, whilst our services are in line with delivering a Big Society agenda, we are unable to deliver on this Agenda if we can not raise the funds to support our projects from our present range of central and local government funded sources.

4. Can arts organisations work more closely together in order to reduce duplication and make economies of scale?

It is possible that some arts organisations can work more closely together, however many smaller arts organisations already rely on committed, highly skilled, multi-tasking staff who are comparatively low paid and work long hours. The sharing of buildings is very much a viable option, certainly in our field of work and we would very much like to be situated in the heart if a local community. Perhaps, when new schools, community centres or regeneration projects are built, there should be a provision made for a resident arts company.

5. What level of public subsidy for the arts and heritage is necessary and sustainable?

If it were possible for the market to pay the price for what it costs to make a piece of art, theatre or music, then I would advocate for no subsidy of the arts. However it is not possible for small arts organisations to survive in a commercial world as most projects are bespoke and are not able to generate the volumes of sales to break event

When compared to the prices that can be commanded in the corporate world, the present cost of a 5 day project in the community with 3 artists is relatively cheap at around £5000 + expenses. However, in order for a company of our size cover our overheads of £140K pa we would need to deliver 28 projects at £5K per year. This would be possible a) if all our clients can afford to pay £5000 and many can’t and b) that 28 communities in our area would have the capacity to accommodate such a project c) we used salaries staff in the field on these projects, leaving little time for the running and ongoing development of the business.

Therefore public subsidy of the arts needs to take place when the art is perceived as having real and lasting benefit to society and where there are limited commercial income generating options to enable the activity to take place
6. Is the current funding system the right one

The Arts Council acting as a main distributor of arts funding is an expedient way of getting funding to small and innovative as well as strategically important arts organisations and projects.

I would like to see Central and Local Government make more innovative use of arts organisations and arts projects in the delivery of their services. The arts can deliver on a range of agendas and the process for bidding for new central and local government initiatives needs to be simplified so that the smaller organisations are not at a disadvantage when competing for these tenders and commissions. Quite often at present, due to the sheer workload of submitting a tender, the tendering system (SCMS) favours national rather than local charities. Also, the SCMS system does not take into account the relationships that arts officers, community officers and education providers have developed with local organisations. In a Big Society model where local people are more active in delivering local services, this “on the ground” knowledge and local trust is vital to project success and outcomes.

7. Impact of the changes to the distribution of lottery funds

The arts should benefit from an increase in funds through the lottery good causes. However, these increased in funds from the lottery appear unlikely to offset the total impact of the cuts to central and local government that will filter down to arts providers.

8. Do the policy guidelines for National Lottery Funding need to be reviewed?

The Arts Council Grants for the Arts and Heritage Lottery schemes are effective at funding projects that have local impact, are innovative or strategic value. However the Big Lottery Fund is very difficult to access. The Big Lottery fund fails to understand that in order to run truly effective projects in very local communities it needs to fund smaller R & D projects which seed funds the work that takes time to build real buy in from local people to a project. Once the R & D is done, then that local people and the community delivery organisation would be in a better position to work up a major project with meaningful outcomes.

9. Can businesses and philanthropists play a long-term role in funding arts at a national and local level

Local community arts work, whilst its impacts society (people into work, community cohesion, active citizenship, engaging young people) is often invisible to the wider world. Whilst it would meet local businesses corporate social responsibility agendas, the amounts such local businesses could contribute is in the £100s not £1000s.

An effective way to really match central and local government subsidy would be to tax local businesses profits as a % for art. A percentage of the billions made by shareholders in pre-tax profits as well as a voluntary contribution through wealthy philanthropists, distributed through the lottery givers of Arts Council, Heritage Lottery Fund and Big Lottery Funds, could have a substantial impact.

10. Are government incentives needed to encourage private donations

Please see above re voluntary donations from philanthropist and a % for arts on pre-tax profits

September 2010
Written evidence submitted by London Arts in Health Forum (LAHF) (arts 51)

Summary:

This submission looks at the issue of funding for the application of arts and wellbeing. The arts have a valuable part to play in improving healthcare environments, improving medical training, offering therapy to patients and providing opportunities for participation and meaningful activity for patients. The contribution the arts makes to the NHS is considerable and cost-effective, there is a growing evidence base supporting the impact of the arts on health. This area has historically struggled for support from arts funders and tended to find support albeit piecemeal from health providers. Given the current changes to healthcare provision, much of this support is in jeopardy and the valuable role of the arts in health may be lost. Serious consideration should be given to greater support for this important area of work from arts funding bodies and lottery funders.

About the author: London Arts in Health Forum (LAHF) works to promote and support arts in health activity across London and nationally.

1. LAHF promotes knowledge and understanding of the arts in health care, showcases best practice in the field, supports practitioners and encourages a strategic approach to arts in healthcare nationally while forging links internationally. The organisation is free to join and offers regular events, a monthly newsletter, training sessions and advice and support for artists, architects, clinical staff and anyone with an interest in arts in health. It receives regular funding from Arts Council England (£21,675 per annum) As of January 2009, LAHF has 2180 members.

2. In recent years, a growing body of evidence has been compiled exploring the potential of the arts to impact on health and wellbeing. The evidence may now be mounting but it is still a big challenge to make the case for supporting arts in health when the public sector is facing the current spending squeeze. The arts can have a profound impact on wellbeing. Up and down the country, projects utilising the arts are directly contributing to public health, community engagement, social wellbeing and improved mental health. This is on top of the direct involvement of artists in the improvement and development of the NHS estate and the engagement of patients and service users in acute settings, in GP practices and in social care. What is more, the diversity and range of artforms employed in these activities is constantly expanding and developing. The field of artists and practitioners engaged in this work is growing rapidly. As the sector expands, so too does understanding of the impact the arts can have on wellbeing: research and evaluation is becoming more sophisticated, knowledge is growing. The quality is improving. There are many examples of great art in health on the new website www.cultureandwellbeing.org.uk

3. However, this work is built on shaky foundations. For years, arts in health has struggled to earn the whole-hearted support of the Arts Council and the Department of Health (DoH). The sector continues to run the gauntlet of ill-informed press comment and pockets of resistance within the NHS.

4. Arts in health has plenty in common with the wider arts sector – it is subject to the same economic and political pressures only perhaps more so. For years, this area of work has relied on support from two sides – the arts and health. Like many in the arts, organisations are now being squeezed by the cuts to Arts Council and DCMS and by the
pressure on trusts and foundations. However, despite the ring-fencing of funding for the NHS, there is also huge pressure on funding from the health side. The building boom in the NHS – which generated a focus on environmental improvements, especially in hospitals – has now largely come to an end. Healthcare providers are rapidly changing their output and there is a danger arts in health will not be included.

5. Most of the artists and practitioners who work to deliver arts in health work do so as individual artists or as part of small organisations. Many rely almost entirely on public support and have limited means of raising alternative income. Community arts activities and opportunities for marginalised people to participate in the arts have immense value but – as delivered by individual artists and small organisations have limited fundraising options.

6. It is worth noting that even if Lottery funding to the arts increases, the reduction in Lottery funding to Big Lottery will impact on community arts activities from the other side. If the new Lottery cash is spent on, for example, buildings, then these community arts groups could actually find the availability of Lottery cash reduces under the new system.

7. Current funding arrangements for the arts do not work effectively for this type of work. Arts Council England’s proposed changes will also limit opportunities for artists working to deliver arts in health activity. This work is very difficult to fund on a project basis. Ethically and practically, there are huge difficulties in engaging in arts activities with audiences and participants in the field of (for example) mental health solely on a project basis yet longer term funding is unlikely to be offered to even the most innovative and dynamic arts in health organisation. Under the current and proposed funding system, the large arts organisations prosper while small organisations and individual artists working in community and social settings struggle.

8. A lot of work is currently being undertaken to measure the impact of the arts on health. In June of this year, the DCMS published its CASE review. In terms of demonstrating the value of arts attendance and participation in health terms, this shows a clear link – especially the section on Subjective Wellbeing Measures (p35-39).

9. The Well London project – now drawing to a close also demonstrates the value of arts participation. http://www.london.gov.uk/welllondon/about/

10. What is lacking is clear links between DCMS, Arts Council and the Department of Health to look into the means of supporting arts and health. This could be facilitated through the arts in health committee chaired by Professor Rob Smith in the Department of Health and the staff in the DCMS and Arts Council with knowledge and interest in this sector. Considerable funding for arts activities comes from Primary Care Trusts, acute hospitals, Foundation Trusts and healthcare charities and foundations. A more proactive role for Arts Council England along with some dedicated funding to support this area of work would help enormously to develop this important area of work.

   September 2010
The British Federation of Film Societies (BFFS) is the national agency for the development and support of film societies and community cinemas in the UK. With a vision of ‘Cinema for All,’ BFFS, a registered charity, has been delivering free advice and practical support for over 60 years.

Our mission is to support, sustain and develop the community cinema movement in the UK, and to deliver public value to community cinema audiences throughout the UK. We do this via a small central office and our volunteer Regional Groups, by researching and providing key data on the sector, raising its profile, actively developing new community cinema and film society ventures, and improving access to specialised film for all communities.

The BFFS operational priorities include the support of community cinema culture, national representation and advocacy, and public education.

This document represents the response from The British Federation of Film Societies (BFFS) as submitted via email.

Executive Summary:
- BFFS is concerned that the abolition of the UK Film Council could threaten the BFFS-supported network of film societies and community cinemas that enables audiences across the UK to be inspired, educated and entertained by both British and world cinema.
- BFFS operates and efficient and low-overhead organisation, with funding of £51,500 p.a. administered via the UK Film Council.
- BFFS is committed to the arms-length body principle of funding because what it does is unique. It knows and has represented its sector for over 60 years.
- BFFS has urged DCMS to publicly commit to safeguarding the investment in film exhibition, such as the support provided by BFFS to film societies and community cinemas.
- BFFS is concerned that the decision to abolish the UK Film Council has been taken without a full consideration of what the UK Film Council actually does beyond their production remit, and that no alternative arrangements have been made for the vital activities of distribution and exhibition.
- Whilst BFFS is striving to be independent of government support, it may take time to wean an organisation of such a geographically broad, yet locally active nature onto the funding model currently being proposed by DCMS.

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?

1.1. Spending cuts from central government threaten the very existence of BFFS, as DCMS has announced the abolition of the UK Film Council. The UK Film Council has been responsible for administering the core funding for BFFS. Small amounts of additional funding for specific projects have additionally been granted by both the devolved National and Regional Screen Agencies, and by the UK Film Council on occasion.

1.2. For over 60 years, BFFS has supported volunteer-led, grass-roots film clubs and community cinemas in the exhibition of films to both urban and rural audiences across
the UK. Contrary to any claim of ‘elitism’, film societies open their doors to the public, screen a wide range of accessible titles and truly enable ‘Cinema for All.’

1.3. In 2008-09, 44% of film societies operated in rural areas (compared with 3% of commercial screens). Over 25% of films screened by film societies in the same period were British, and 49% were in a foreign language (compared with 21% and 36% by commercial screens).

1.4. The current UK Film Council agreement is for £ 51,500 p.a. which we feel makes BFFS excellent value for money. (In the last BFFS survey, this investment represented 4 pence per ticket across all film societies and community cinemas, or £2.15 per screened title).

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?

2.1. BFFS has its overheads drilled as low as can be expected; indeed they are too low. We are currently fundraising to pay a managing director (budgeted at circa. £40-45,000 p.a. including all operating expenses). As an organisation we are exceptionally reliant on a nationwide network of motivated volunteers, but this needs concerted co-ordination to become more effective and self-sustaining. The BFFS office is part of a larger arts centre complex, the Sheffield Showroom & Workstation and benefits from a wide network of contacts on-site, as well as lower non-London rent and rates.

2.2. If arts organisations are expected to raise their fundraising game, they will be in competition with one another for any grants, sponsorship, donations or legacies available, much as they are already in competition with one another for a share of the public’s disposable income spent on box office revenues. However, whereas marketing mailing lists can be exchanged or traded to the advantage of all because the sums being fought over at the box office comprise many individually small expenditures as ticket prices, the additional competition for rare, major tranches of income is unlikely to encourage shared services of back-office functions for fear of conflicts of confidentiality. Additionally, the more time that is spent fundraising, the less time is allocated to ‘front line’ services.

3. What level of public subsidy for the arts and heritage is necessary and sustainable?

3.1. BFFS is a modern charity with current budgets focussed on one third public funding, one third private donations, sponsorship and grants from trusts, and one third self generated revenue.

3.2. BFFS is concerned with the speed of the current cuts, and their ‘across the board’ nature, implying there is no examination of the benefits BFFS returns on its investment. And that’s before we really consider the immeasurable non-economic benefit we bring to the community, arts and education sectors; very little is said of artistic merits, let alone cultural and societal cohesion, when austere fiscal policy is the order of the day.

3.3. The speed and nature of the current wave of cuts, without any change in tax regime for donors, gives cause for concern in both the short and long term for the survival of arts and heritage organisations. There has been very little time to move from
one funding model to another, particularly so soon after a major financial recession. Furthermore, if additional reliance is made on corporate sponsors and donors, then come the next economic downturn, how can these organisations be expected to survive? Currently, across the board, arts administrators are clearly indicating that continued public subsidy is necessary, so a financial crash with no public funding safety net to protect core services would clearly devastate the arts sector.

4. Whether the current system, and structure, of funding distribution is the right one?

4.1. BFFS is committed to the arm’s length body principle of funding the arts. It operates a low-overhead organisation, devolving as much activity as possible into its Regional Groups and encouraging peer-to-peer support, by the community cinema sector, for the community cinema sector.

4.2. BFFS relies on the work of volunteers to achieve what it does, but the work of those volunteers requires co-ordination and support from a central body that knows both the nature of the community cinema sector intimately, in addition to the film industry against which the community cinema sector nestles.

4.3. If there are lessons to be learnt from any failure of the UK Film Council and its arrangements, they are that perhaps cultural bodies should be less subjugated to trade bodies; many in the arts and heritage sector were horrified at the UK Film Council salary bill, as those salaries certainly aren’t typical of arts bodies.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations?

5.1. BFFS is concerned that the Olympic budget has temporarily diverted too much funding away from arts and heritage organisations, and that the Olympics are of sufficient international profile that they could be more reliant on sponsorship for income and less reliant on National Lottery funding.

5.2. BFFS was glad to hear the recent pledge of National Lottery funding being returned to the arts and heritage organisations for which the funding was intended when the National Lottery was established. However, the concern remains that National Lottery funding has become a ‘political football’ and that it will vary in availability, making it harder for arts and heritage organisations to plan and budget.

6. Whether the policy guidelines for National Lottery funding need to be reviewed?

6.1. BFFS considers itself to be a good cause, and has been proud to display the version of the UK Film Council logo featuring the lottery supported branding. BFFS has positively encouraged community groups to apply for funding to enable community screenings with some notable success.

6.2. BFFS is, however, concerned that there is occasionally a conflict between where National Lottery funding has been relied on for core funding, and where it is made available on a project-by-project basis. There is a perception that arts and heritage organisations are forced to pretend to be doing something new in order to apply for
funding to continue doing what they already do. If core funding via the National Lottery were to be ring-fenced then the funding would be more efficiently allocated to its end purpose. In addition, grant application processes for small organisations like BFFS are administratively cumbersome.

7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council?

7.1. Whilst very few people will say the UK Film Council was perfect, some funding strands have been delivered effectively to where they are crucially needed. Should the closure of the UK Film Council proceed as planned, the UK will lose a vital overview body and co-ordinator of funding to UK’s exhibition and distribution as well as production sectors. This could threaten the existence of the BFFS-supported network that enables audiences across the UK to be inspired, educated and entertained by both British and world cinema.

7.2. For the past decade, the UK Film Council has been BFFS’s key funder. Community cinema and film society numbers, viewing attendances and BFFS national survey returns are currently all at record highs.

7.3. BFFS has urged DCMS to publicly commit to safeguarding the investment in film exhibition, such as the support provided by BFFS to film societies and community cinemas. Whilst this may be less glamorous than the UK Film Council’s film production remit, it is the vital component that completes the circle, adding value to communities and to the educational and cultural sectors by enabling films to be seen and appreciated by audiences across the UK.

7.4. BFFS is concerned that the decision to abolish the UK Film Council has been taken without a full consultation of what the UK Film Council actually does beyond their production remit, and that no alternative arrangements have been made for these other vital activities. It is unclear as yet as to what other body will be responsible for allocating National Lottery funding or central government funding, and whether that body will be aware of the needs of the distribution and exhibition sectors, let alone the film society / community cinema sector.

7.5. The speed at which cuts are taking place is exhausting for an organisation relying on voluntary effort. That said, the UK Film Council is ostensibly a trade body, and BFFS is a cultural charity. BFFS hopes for a suitable alternative arrangement and is currently awaiting diary confirmation for a meeting with a DCMS deputy director at time of writing.

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?

8.1. Whilst BFFS is striving to be independent of government support, sadly it may take years to wean an organisation of such a geographically broad, yet locally active, nature onto the funding model being proposed by DCMS, with sponsorship and patronage providing central support. Advisory bodies for small, regionally dispersed community organisations are not traditionally the focus of the sponsorship departments of multinationals, although we continue to seek support from these.
8.2. There is concern that corporate sponsorship reduces art to a contractual obligation; additionally there is the potential for bad PR if the sponsor gets bad press (witness the protests aimed at BP at the National Portrait Gallery in July of this year) which could reduce both public and further private sponsorship.

8.3. Philanthropic support is perhaps most susceptible to downturns in the economy, particularly at the level for which BFFS has been seeking it. Additionally, philanthropists are perceived as wanting to supplement core funding rather than providing it. Donors do not like to think that their donation goes on the phone bill.

9. Whether there need to be more Government incentives to encourage private donations?

9.1. The current UK tax regime is not as favourable for donors as some other tax regimes. Tax breaks are not delivered in the donor’s lifetime in this country, where they are in the US, for example.

9.2. The Gift-Aid system for reclaiming tax on donations is relatively expensive to administer for a small charitable organisation.

*September 2010*
Written evidence submitted by Oxford University Museums (arts 53)

The University of Oxford’s museums constitute a heritage collection of acknowledged national and international importance, both educationally and culturally. Receiving some 2 million visitors a year, the museums constitute a major part of Oxford’s attraction as a world city. Government policies and priorities in the heritage sector are of critical importance to us in resourcing, caring for, and making accessible those collections for all.

We welcome the opportunity to contribute to the present consultation exercise and offer the following submission.

Summary

- Four internationally-renowned museums: Ashmolean Museum, Museum of the History of Science, Museum of Natural History, Pitt Rivers Museum – together comprising probably the most extensive university museums collection in the world. Entrance to all is currently free.
- Very broad range of collections, across fine and applied art, archaeology, ethnography, natural history and science collections, all Designated as of national and international significance.
- Four separate museums with distinct identities but with a strong focus on and commitment to collaboration, both amongst themselves (to achieve organisational efficiency) and with other museums nationally and internationally (e.g. loans of over 15,000 objects and specimens to 247 venues in 2009-10).
- Doubling of visitor numbers in recent years, to around 2 million p.a.
- Successful fundraising for major capital projects (c. £60m in recent years - e.g. Ashmolean redevelopment, Pitt Rivers extension and remodelling) which has created state-of-the-art museum facilities. However, charities and private donors make it clear to us that their support is conditional upon governmental support, not an alternative to it.
- Range of awards – most recently, the Queen’s Anniversary Prize to the University’s museums, libraries and archives for their work in support of research, learning and public education; cited as ‘an exceptional resource, accessed by more than two million people each year’ which provide ‘imaginative educational programmes for researchers, learners, children and the general public’. Other awards include major grants from the Heritage Lottery Fund to three of the museums, The Guardian newspaper’s award in 2005 to two of the museums as the most ‘family friendly’ museums in the country, and various architectural awards to the Ashmolean for their most recent major redevelopment, which has transformed its displays and facilities to international acclaim.

*What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level*
1. As the previous Culture, Media and Sport Committee’s report noted with concern, university museum funding is ‘precarious’. The University’s four museums continue to depend upon an unstable portfolio of funding sources, including the competitive ‘core funding’ allocation from the Higher Education Funding Council for England (HEFCE), funding from the Renaissance in the Regions programme, grants from generous trusts, foundations and private donors, commercial operations, academic awards from the research councils to investigate and make available areas of the collections, and substantial grants from Oxford University itself. In the last academic year, the total such income received by the University’s museums (excluding grants for capital projects) was £14.7m.

2. Of these, the single most significant annual source is HEFCE’s core funding stream which has been the stable platform underpinning everything the four museums do to care for and curate the collections, serve the great numbers of visitors now welcomed annually, and respond to the many local, national and international loan requests received every year. In the last academic year, the University’s museums received £3.5m in such ‘core funding’. In 2009, HEFCE reviewed their ‘core funding’ programme, amid concerns on the part of recipient university museums that the programme might be discontinued or radically reduced. This university was very pleased that the programme was not terminated, although the programme’s criteria have been sharply narrowed to focus on academic rather than public access, and the total funding available has not been fully maintained against inflation. Moreover, although HEFCE had originally indicated that the awards made against the new criteria would be for a five-year period, HEFCE have more recently indicated that the financial landscape makes very real the possibility of further cuts from 2011-12.

3. A second, major source of indirect governmental support for the University’s museums has been the Renaissance programme administered by MLA, which has funded the extensive (and award-winning) education and outreach work undertaken by the University’s museums. Over the last academic year, the University’s museums received £1.2m in Renaissance funding. As the Committee knows, the current Renaissance business plan concludes at the end of March 2011, MLA is to be dissolved, and the future of any Renaissance funding, its level, and the criteria against which it will be allocated are at present unclear. The University echoes the hope expressed by the Committee in their previous report that ‘DCMS should be in a strong position to secure a continuing budget for Renaissance which may be seen as a “perfect Treasury programme” given its demonstrable impact.’

4. A further indirect but increasingly important source of funding for university museums lies in research council grants for collections-based academic projects. Such projects often have major spin-off benefits in compiling and making available new information on collections, via books, articles, exhibitions and websites. Informal indications are that research councils are likely to face substantial reductions in the government funding available to distribute in the form of research awards. This will affect the ability of Oxford’s museums to continue to make the researched wealth of their collections as available as formerly.
5. As a result of HEFCE’s recent review and subsequent allocations of funding to university museums, three of the University’s four museums have retained level funding. However, the Museum of the History of Science is now working with the University to manage the considerable impact of an immediate cut in core funding of over 50% - a considerable challenge by any standards. (And this in a museum that has increased its visitor numbers tenfold since redevelopment in 2001.)

6. Considerable uncertainty attends the future level - and in the case of Renaissance, the future existence – of key sources of support amounting to a very substantial percentage of the University’s museums’ current income. The future impact of cuts will naturally hinge on their severity. Depending on the funding stream that is reduced or abolished, the impact potentially includes curtailment of opening hours, reduction of outreach and educational work done by museums, less ambitious exhibition programmes, inability to respond to regional, national and international requests for loans, and a reduction in Oxford’s attraction as a tourist destination. Moreover, because Oxford’s museums depend on diverse funding sources, the reduction in any one of them feeds back to affect others – including, crucially, the museums’ attractiveness to private and commercial sponsors.

7. The Committee noted in their previous report on the subject: ‘Museums cannot be expected to fulfil their potential under such uncertain conditions.’ This situation has not improved; moreover, we continue to believe that university museums fall between the two stools of DCMS and higher education funding, with neither sector considering university museums to fall fully within their remit. The recent narrowing by HEFCE of the criteria for distributing what was intended to be ‘core funding’ to more exclusively academic provision sharply illustrates this point (see also 9 below).

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

8. Oxford’s own four museums each have a distinct identity and public reputation. Economies and efficiencies are achieved through cross-representation on governing bodies, and a single reporting line to the responsible Pro-Vice-Chancellor. The museums already work together in delivering a highly regarded educational service and actively share experience and best practice in the management of other activities, including commercial opportunities. Beyond Oxford, the museums have multiple links and partnerships with other museum and academic bodies, many of them international and reinforced by loans and shared exhibitions. Significant partnerships and information-sharing networks in this country include Oxford’s city museum, our partners in Renaissance’s southeast ‘hub’, the University Museums Group and, in the case of the Ashmolean, membership of the National Museum Directors Conference. This also enables the sharing of best practice and creative thinking with regard to common issues, leading to the development and delivery of effective solutions at the local level.

Whether the current system, and structure, of funding distribution is the right one
9. Our primary interest is not with the system or structure of funding distribution but to ensure that our museums receive a level of support which is commensurate with their value and their contribution to the nation’s cultural life and heritage. It has become a matter of increasing concern that the significance of the collections ranks alongside that of major national collections, yet funding levels are far lower than those enjoyed by institutions (large and small) which are designated as national collections. The national and international importance of the collections and thus their place in supporting scholarship, education and wider social purposes cannot be overstated: for example, the collections of the Ashmolean include the largest and most important collection of Raphael drawings in the world and the greatest Anglo-Saxon collections outside the British Museum. Core funding for Oxford’s museums is currently less than £2.00 per visitor, a fraction of the core funding received by DCMS-funded museums. (For example, in 2007-8 the Natural History Museum received £13.46 per visitor.)

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations

10. Heritage Lottery Funding has been of fundamental importance to the success of major capital projects at three of the University’s four museums over the past decade. The project to extend and upgrade the infrastructure of the Pitt Rivers Museum is used by the HLF as a case study of best practice. As with central core funding, the HLF has also served to stimulate engagement from the charitable and philanthropic sectors. The recent increase announced in HLF funding is therefore much to be welcomed.

The impact of recent changes to DCMS arms-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council

11. The abolition of the Museum, Libraries and Archives Council naturally gives rise to considerable concern about the future of Renaissance funding. Renaissance has allowed vital investment in the museums’ outreach and education services, enabled the museums to work to deliver local and government initiatives, and encouraged use of the university museum collections by the local population and tourists, thereby supporting the local economy.

12. Renaissance or a successor programme needs to be transparent and build on previous investment by central government and the museum services themselves. The criteria for future government support need to recognise, amongst other things, the importance and quality of collections, high visitor numbers, value for money, potential to use Renaissance to leverage further funding, and how any investment may support the local, and national economy.

13. Any future mechanism for the delivery of Renaissance funding to front-line museum services needs to ensure that it requires minimum bureaucracy and enables the greatest possible benefits to users, localities and the economy.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

14. One of the great values of HEFCE ‘core funding’ over the years has been in leveraging additional funds from other sources, who give particular weight to the fact that the core
funding has been awarded as a result of open competition with other museums and galleries nationally. Far from being alternative funding sources that can be further exploited in order to fill the gap left by reductions in government funding, philanthropic and charitable foundations in particular expect to see in place a firm and reliable foundation of state support as a pre-condition for granting additional resources.

15. To cite one example: The Ashmolean Museum reopened in November 2009 following a major £61 million redevelopment project. The new building, supported by the Heritage Lottery Fund, the Linbury Trust and a range of other donors, has doubled the Museum’s display space as well as providing a dedicated education centre and study rooms, and state of the art conservation studios. In the first year of opening, visitor figures are projected to be 1.2 million, trebling previous figures. This transformational project has met with widespread acclaim by the international media and public. In 2010, the Ashmolean was one of four museums shortlisted for the UK’s most prestigious museum award, The Art Fund Prize. At present it is shortlisted for Europe’s renowned architectural award, the RIBA Stirling Prize 2010, along with the Prime Minister’s Better Public Building Award and the World Architecture Festival Awards. Yet none of this would have been possible without a basis of core funding from which the Ashmolean has been able to leverage its extensive fundraising campaign. Similar examples, albeit on a smaller scale, could be provided from the University’s other three museums.

*September 2010*
Written evidence submitted by Liverpool City Council and members of Liverpool Arts Regeneration Consortium (LARC) (arts 54)

1. This response has been produced in partnership between Liverpool City Council and members of Liverpool Arts Regeneration Consortium (LARC), a partnership of several major cultural institutions in Liverpool, including the Bluecoat, FACT, Liverpool Biennial, Liverpool Everyman and Playhouse, Royal Liverpool Philharmonic, Tate Liverpool and the Unity Theatre.

2. Liverpool City Council and cultural organisations in the city work day-to-day with a range of other partners in tourism, health, regeneration, inward investment, higher education, as well as with other local authorities in the Liverpool City Region area. Many of these partners have provided input into this submission.

3. LARC and Liverpool City Council are working together to create a new cultural vision statement for Liverpool. We believe that cities need a new script for setting out the way in which investment in culture can make them successful. This new account will stress the connection between cultural creativity and a broader social creativity, about health, social care, education, the environment. It will seek solutions that genuinely involve the whole community, ensuring that the benefits of cultural success reach out across the whole city and the surrounding region. It will stress that success is dependent upon a healthy core infrastructure of artists and organisations as much as major new capital investments.\(^1\)

Executive Summary

4. Liverpool has a world-class cultural offer. This offer has been a key driver in the area’s recent renaissance, and is recognised and exploited by businesses, agencies and local government as a crucial asset in the city region’s economic and social development and future competitiveness.

5. The main points of our response to the select committee’s questions are as follows:
   - The Liverpool experience of culture-driven regeneration is unique, has been very successful and provides a model and approach that may benefit other cities. It demonstrates a high level of mature and sophisticated collaboration within and across sectors, and has been well-tested. It delivers world-class arts for tax-payers based in the city region, as well as enabling a return on investment supporting the city’s economic and social development.
   - There is now a particularly strong partnership between Liverpool City Council and Arts Council England, North West. It is important that future funding is able to be locally responsive, knowledgeable about art-form development and regionally strategic.
   - Arts organisations in Liverpool form part of a part of a finely-balanced cultural ecology, which has international impact and reach, but is locally relevant and specific. This role is at risk if funding cuts and future policy do not recognise and build on success; and recognise and respond to local challenges, such as a limited potential philanthropic base.
   - The city region has placed culture at the heart of its future. Thus funding cuts may damage not only the arts sector, but the future competitiveness of Liverpool as a city, impacting on tourism, external image and profile, inward investment, talent retention, and the quality of life for existing and potential residents.\(^3\)

6. An appendix is attached to this submission, which gives an indication of the range of evidence available of the impact of culture in terms of the economy, health, education, and social cohesion.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?

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\(^1\)From The Liverpool Way the draft vision statement that is being prepared jointly between LARC and Liverpool City Council: ‘It’s about making the most of Liverpool’s remarkable cultural assets, and the major cultural organisations delivering to their individual and collective strengths, including outstanding international programmes and linking these to local communities and visitors to the city in a strong, collaborative partnership with the city council and others. It is about creating a movement for arts and culture not just monuments, about new ways of connecting creative producers, institutions, and creators to communities and social networks. It unlocks, opens up and makes visible the potential and talent in these communities and brings great art to Liverpool in a way that draws out and builds on our talent.’

\(^2\) For brevity, Liverpool is referred in this submission simply as ‘Liverpool’ or the ‘city’; however, much of the planning and activity delivery referenced here extends to the broader city region.

\(^3\) The visitor economy in Liverpool city region already sustains 23,000 jobs and £1.3bn annual visitor expenditure, and is set to grow to 25,000 jobs and £1.4bn expenditure by 2012, rising to 37,000 jobs and £2bn expenditure by 2020.
7. As our tenure as European City of Culture 2008 demonstrated, Liverpool is a city where culture is playing a fundamental role in the renaissance of the city and its surrounding region. There is a real risk that funding cuts will not only undermine the quality of our cultural offer but, in doing so, have a negative impact on the regeneration process. Investment in culture galvanises economic benefits through attracting both leisure and business visitors, creating a dynamic environment that attracts inward business investment, and raising Liverpool’s profile nationally and internationally.45

8. Less investment will mean we are less able to take the programming risks and undertake the development work needed to deliver the exciting and challenging new art that sustains the city’s international cultural reputation and gives regionally-based tax payers a balanced and excellent cultural offer. It will be harder to attract the ‘big names’ – like the Picasso exhibition now at Tate Liverpool and Sex and the City star Kim Cattrall, who is shortly to appear as Shakespeare’s Cleopatra at the Liverpool Playhouse. It will be harder to sustain the consistently high-quality, high-profile work which can attract those ‘big names’ in the first place.

9. Liverpool has attracted significant artistic talent to be based in or attached to the city – such as Vasily Petrenko, the award winning and widely acclaimed Chief Conductor of the Royal Liverpool Philharmonic Orchestra. Significant funding cuts will mean a real risk to our competitiveness in this regard. We will lose out to other countries because organisations will no longer be able to afford to maintain a sufficient critical mass of high quality activity that attracts such artists in the first place. It will become difficult to ensure the influx of new talent to the city, and to the country, which is crucial to the competitiveness of the UK’s cultural offer.

10. In Liverpool we have a national reputation for delivering outreach and education work that is making a real difference to some of the most deprived communities in the city. Much of the development and delivery of this work with our local communities could be threatened as it is underwritten by the core public investment that cultural organisations receive, or by regeneration funding that is now being lost to the City.6

11. Major events in the city, which are free and draw large crowds, help to make culture widely accessible.7 The well-developed programme in Liverpool is highly popular and often introduces audiences to new artistic experiences from international artists. The events give residents an opportunity to engage with their city and feel part of celebrating it. A number of partners across the arts sector are involved in delivering the city events programme, and the potential loss of major external funds and reduction in local authority budgets is likely to impact on the delivery of these events significantly.

12. Any process of determining future spending cuts must show an awareness of local challenges and recent history; it should also seek to build on success and genuine potential and avoid successful past investment being wasted. It can cost substantially more to repair the damage of cuts which provide relatively small-scale, short-term savings; in the long-term this approach provides both funders and tax-payers with poor value for money. The recent history of the Liverpool Everyman and Playhouse Theatres is a good example where the theatres suffered from a lack of investment over many years and it took very significant funding to reverse. This is also particularly the case when it comes to capital development and renewal of assets.

13. The arts and cultural organisations and practitioners of the Liverpool city region operate in an ecology which extends across the creative industries, is crucial to the tourism offer and connects with the city’s

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4 Liverpool City Region sold a record-breaking number of rooms in July 2010 95,000, a rise of 22% on the previous year and 11% on 2008, with occupancy levels rising overall, compounded by an overall increase in hotel rooms. Overseas spend for 2009 is estimated to be worth £47m, with total visitor spend (and economic impact) for the year estimated at £485.6m, supporting 6,753 FTE jobs. 57.1% of staying visitors and 47.9% of day visitors identified culture as a key reason for their visit.

5 Recent research undertaken by the city to understand the motivations of potential inward investors revealed that: 65% said it is harder to differentiate between destinations; 92% said that image and profile are becoming more important in their decisions; 58% said ‘soft’ factors such as culture and architecture are more important than 5 years ago; and 60% cited a ‘Strong tradition in culture and the arts’ as an asset of a demand destination.

6 A recent example of such work is a community arts project undertaken by Liverpool Everyman and Playhouse with a group of unemployed young men in North Liverpool. Inspired by this, the participants gained theatre lighting certificates by working with the theatres’ technical team, and can now gain work in the industry. Moving these young people from reliance on benefits to employment has given the young men hope and confidence, impacting on the individuals and their communities, and demonstrating a fiscal and social return on ‘investment’.

7 The major events programme includes the Mathew Street Festival, Africa Oye and the Hub Festival, as well as seasonal events and public art trails. In 2009 the programme attracted 915,000 visitors, who spent just over £33million.
knowledge economy. Individual artists and practitioners work across both the fully commercial and publicly funded sectors, and if there are fewer overall opportunities available due to substantial cuts within the funded sector, they are more likely to relocate to London. If the growth and development of Liverpool's creative and knowledge economy is damaged, its contribution to the region as a viable context for creative and knowledge industries development is damaged; related institutions and initiatives such as the North West universities and Media City in Salford are likely to suffer indirectly.

14. There is also the importance of publicly funded cultural organisations undertaking research and development of artistic products which then move into the commercial sector. Liverpool is playing a strong role in this, for example two productions from the Liverpool Everyman and Playhouse have played in the West End recently, and a film that resulted from a FACT programme won the Palme D'Or in Cannes.

15. The city's brand – for both tourists and potential investors – now focuses on the cultural, creative city. Liverpool's economic development strategy identifies the development of the tourism and knowledge economies as crucial to its successful diversification. The future economic competitiveness of the city – and its global positioning - is tied to its cultural offer and profile.

16. Liverpool city region's Visitor Economy Strategy to 2020 uses the area's cultural offer as the key distinctiveness in attracting new markets and repeat visitors. The long-term viability of the tourism industry in Liverpool is linked to the quality and vitality of its culture offer, and if cuts are made in a way which limits or damages that offer, it will damage the tourism industry, affecting jobs (including hotels and restaurants), future developments and the growth of the area.

17. And it is important to recognise that Liverpool's cultural offer is truly part of the UK’s unique national cultural and tourism offer; an offer which extends beyond London to include a broad body of crucial and outstanding artists and arts organisations across the country.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?

18. Liverpool already provides a strong example of arts organisation working in close collaboration amongst themselves, and in a mature, sophisticated partnership with the City Council and other sectors. The arts networks include LARC (as described above), and smaller organisations joining together as part of COOL (Creative Organisations of Liverpool). This is mirrored through the Merseyside (local authority) Arts Officers Group, and developing networks of smaller organisations in other boroughs.

19. LARC partners have a particularly strong history of working together from artistic collaborations, to working on shared operational services aiming both to save money and to reduce combined environmental impact. Equally, we work with other sectors, such as health and education, in activities which often add significant value to the return on investment over and above what could be delivered if they were undertaken by one sector working on its own. In addition, there is a growing practice of working with tourism partners, including the Tourist Board, on successful external marketing to

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8 The Knowledge Economy prospectus for Liverpool recognises the importance of the 'clustering effect' to building a healthy creativity and knowledge-based industry. The city's Knowledge Quarter, the wider Hope Street area, is a key example of this interdependent clustering, where arts venues, cathedrals, universities and a science park provide a critical mass of 'talented and productive people' which helps to drive this economic growth.

9 Jon Corner, Managing Director of private sector, Liverpool-based digital firm, said: "What is important to the future of my business is my ability to attract and keep talented people here and Liverpool's cultural offer is a part of that."

10 Ghost Stories is currently running in the West End, and The Caretaker has completed a three-month West End run and is about to commence a commercial tour of the US.

11 Uncle Boonmee Who Can Recall His Past Lives was awarded the Palme d'Or at this year's Cannes International Film Festival. The film was made as part of Thai artist Apichatpong Weerasethakul's Primitive Project, which was co-commissioned by Arts Council England regularly funded organisation FACT for the inaugural Abandon Normal Devices (AND) Festival of New Cinema and Digital Culture.

12 One example of how the arts have added value to health provision is a project undertaken by FACT in partnership with Alder Hey Children's Hospital, in which an installation based on Birdsong had a proven impact on patient anxiety and is now forming the base for long term study on reducing needle phobia in patients.

13 Another example of ground-breaking collaborative working is the Creative Apprenticeships scheme, led by Tate Liverpool working with all LARC partners and Liverpool Community College to support skills development in young people giving them greater access to working in the creative and cultural sectors. In 2008/9 the first ten Creative Apprentices in the UK were placed in all the major arts organisations in Liverpool. In 2010 the scope of the hosting organisations has broadened significantly with twenty young people currently in post.
visitors, promoting culture and heritage through destinational campaigns, visitor-focused guides and websites.

20. Artistic collaboration and sharing has been at the heart of Liverpool’s success over the past few years, as shown through Liverpool 08, and through the extensive artistic collaborations that are still continuing. The Liverpool Biennial is a prime example of partnership working, involving all the major visual arts organisations in delivering this major international event.

21. In terms of operational costs, cultural organisations are already lean operations – they are charities and, predominantly, SMEs with minimal room for duplication, already limited ‘back office’ functions and each quite distinctive in character and shape.

22. Nevertheless, in Liverpool we have been working for some time to foster greater operational collaboration. Our Chief Executives, Marketing, Education, HR and operational managers all meet regularly to share knowledge and support each other in effective working and identifying savings. We are now considering how we can take this collaboration to a new level in order to provide more sustainable models of operation for the long term.

What level of public subsidy for the arts and heritage is necessary and sustainable?

23. Cultural organisations all have very differing patterns of public investment, earned income and donated income. It is hard to be specific therefore about a generic level of public investment which is necessary, as it will depend on the purpose and focus of the organisation. However all the major arts organisations in Liverpool work on a mixed economy, and in many cases, where the nature of their work allows for earned income, public subsidy represents a minority proportion of overall turnover.

24. Certain activities, particularly those with social development or artistic innovation at their core do not always have an immediate economic return and require specific and focussed financial support to realise their long term benefits in both economic and social terms. These activities are often supported on a time-limited basis and are not given time to engender real social change. Geographical areas receive support, and then lose momentum as the initiatives end and the funding moves to other problem agendas.

25. There should be a long-term strategy for the embedding of cultural delivery into public services, (education, health, environment), for the development of initiatives that bring long term benefits, creating new audiences for culture and benefiting a wider range of people.14 15

26. We would also argue that public funding for culture and heritage should not be seen as subsidy but as investment that can stimulate a local economy. Liverpool’s success as European Capital of Culture (ECoC) demonstrated this with substantial returns across the social, economic and physical fabric of the city, proving a substantial return on public investment. It attracted 9.7 million additional visits to Liverpool, generating a direct economic impact of £753.8 million of additional visitor spend in the city region and region. These included 2.6 million visits from Europe and the rest of the world, 97% of which were first-time visitors to the city. These additional visitors generated 2.43 million staying visitor nights in the city region. Subsequently, over 1,000 new hotel rooms have opened in Liverpool city centre in the last year, on the strength of the leisure weekend break market.

27. This positive effect is continuing with an underlying upward trend in audiences, and continuing strong performance in the visitor economy. Local Enterprise Partnerships will be ideally placed to ensure the development of effective and positive collaborations that can have real impact, and that investment continues to support genuine economic growth and development.

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14 The Royal Liverpool Philharmonic’s In Harmony programme is a strong example why cultural organisations should be supported through mainstream education budgets, given the real impacts that can be achieved. Inspired by the Venezuelan El Sistema model, In Harmony is supporting a three-year programme between the RLP and the local primary school and the community in West Everton, one of the most deprived areas in the UK. Interim evaluation results demonstrate strong improvements in numeracy and literacy rates. The percentage of children improving by two national curriculum levels or more in SATS tests in reading has increased from 36% in 2009 to 84% this year, and in numeracy from 35% in 2009 to 75% in 2010.

15 The Bluecoat engages directly with current social care agendas through provision of high quality services for learning disabled people in a mainstream arts venue. Participants in the programme have significantly increased their confidence, for example now travelling independently to the project, and joining in volunteering activity. This scheme is currently funded through Area Based Grant. Funding cuts will affect delivery in 2010/11 and the future is uncertain for this award-winning programme.
28. Cultural investment has helped to make the city economically and socially viable again, but the pillars of the city’s recovery remain relatively fragile. We still lack the commercial and private wealth that, in other major cities, helps fuel cultural success and the city’s smaller cultural organisations particularly suffer as a result, particularly in relation to fundraising from individual and corporate partners.

**Whether the current system, and structure, of funding distribution is the right one?**

29. In the run up to 2008, DCMS, ACE and Liverpool City Council (LCC) worked together in their approach to the cultural infrastructure in Liverpool to be strategic in their investment, and to support the significant rise in investment from LCC. DCMS were particularly crucial and forward-thinking in their support of Liverpool and in recognising and investing in the breadth of potential benefits. This joining-up has paid significant dividends, but if national partners significantly reduce their funding, key local partners will be unable to fill that gap.

30. The regional and sub-regional role which ACE NW has played in Liverpool in the last decade has been invaluable beyond its relationship with LCC. This capacity for regional and sub-regional knowledge and for using that knowledge to inform strategic investment - whether large or small – must continue.

31. There has already been a significant impact from the loss of RDA tourism-focused investment, affecting our ability regionally to support significant international arts activity and facilities development which has been proved to generate substantial tourism gain for the region. This is not only about the loss of investment, but also the loss of promotional campaigns run at a regional level which have directly benefited Liverpool and other parts of the North West.\(^\text{16}\)

32. In funding terms, it is important that the mechanisms which support a city region approach can guide and develop city region ambition. We will seek to work with our Local Enterprise Partnership when it is formed to ensure that the relationships and mutually supporting activities which have already been developed between the cultural offer and the area’s economic growth are not lost.

**What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations?**

33. We welcome the Government’s commitment to restoring the original principles of Lottery distribution but firmly believe that the real impact will depend on how it is distributed in practical terms.

34. There must be a fair balance between cultural and heritage beneficiaries, and between investment in projects and investment in infrastructural development and maintenance. In addition, Liverpool city region and its cultural offer has benefited significantly from lottery funds distributed by Arts Council England. This approach to investing lottery money strategically – rather than only through open competition - has been crucial to a real balance in terms of the impact which lottery funding can have, and has supported organisations to take risks and fundamentally move forward.

**Whether the policy guidelines for National Lottery funding need to be reviewed?**

35. Lottery funding must be managed strategically and in a way which properly understands an area’s long-term needs.

36. Policy guidelines on capital support must be structured to ensure development of new/refurbished buildings where they are most needed and to make sure that infrastructure is not allowed to crumble at the expense of funding for projects. The emphasis should be on the capital needs of existing successful organisations whose ambition is cramped by inadequate or dilapidated buildings, rather than on new initiatives, unless there is a really compelling case for why a new organisation and a new building is needed.

37. Policy guidelines will need greater flexibility, especially in terms of match funding requirements, as smaller organisations will struggle to meet those requirements in a reduced funding environment.

**The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council?**

\(^{16}\) In 2007, 746,000 visitors were estimated to be directly influenced to visit the city by specific marketing from the tourist board; a further 101,000 visitors were indirectly influenced by marketing to make their visit. Some 112,000 staying visitors were influenced by marketing; these visitors spent £24.6m on their visits.
38. From the experience and success which we have had with European Capital of Culture 2008, and more generally over the last decade of redevelopment in Liverpool city region, we believe that it is important that the Arts Council should maintain genuine regional/sub-regional and art-form knowledge, in order to be relevant to tax payers, needs and assets in our area; and that it should be enabled at a regional level to be strategic and support regional/sub-regional aspirations.

39. We are also concerned about changes to MLA which may affect both training in the museums sector, and the Renaissance in the Regions programme, which has, thus far, been very successful in the North West. We consider it crucial that that strategic approach to investing in the regions not be lost.

40. Finally, we welcome the Prime Minister’s recent comments on the value of the tourism industry, and wait to see the potential impact of changes to tourism agencies and support bodies. We are concerned that a balance should be struck between locally responsive activity, and a broader, strategic view. The relationship between the RDA and the local city region body – The Mersey Partnership – was crucial to the tourism success and impacts of the European Capital of Culture 2008.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?

41. LARC partners are already engaged in a range of relationships with businesses and philanthropists, and firmly believe that there is a long-term role for both to contribute to funding the arts, in balance with public investment and earned income, as well as to continue the other kinds of contributions they also make through bringing their expertise to board membership, and engaging in other kinds of mutually responsive partnerships.

42. It is important, however, that, in promoting philanthropic giving, government recognises that the local environment plays a fundamental part on the potential availability of philanthropic partners. Liverpool is classified as ‘vulnerable’ in the recent Private Sector Cities report from Centre for Cities.17 The city currently has a very limited private sector and individual wealth base. It has also suffered in recent years from the trend of consolidation of professional services businesses, with locally and regionally-based firms being bought up by national and international conglomerations, and the decision-making power subsequently moving out of the city. Arts & Business reported that private investment in arts in the North West was down 27% in 2008/2009 on the previous year, and accounts for only 3% of the total private investment received in the UK arts sector.18 19

43. There is significant competition already for the available philanthropic resource in Liverpool, not only from within the arts sector, but also from heritage, higher education, faith-based organisations and other charities. Whilst a number of arts organisations in Liverpool have well-developed partnerships and initiatives, smaller organisations are not necessarily equipped with the expertise or resource to engage in significant fundraising activity.

44. Whilst we feel that there may be opportunities in the future to grow the level of philanthropic giving in Liverpool, we believe that it is likely to be at a lower level than in other, more economically prosperous cities. This is also likely to affect the potential for undertaking fundraising for endowment funds, as a limited market for fundraising will necessarily have an impact on all areas of fundraising (revenue, capital and endowment), and potentially bring them into competition with each other.

17 The index of England’s stable cities looked at Liverpool’s declining population, limited real GVA growth, limited private sector jobs growth, low average house prices, high average JSA and Incapacity Benefit Rate and low average wages. Neighbouring Birkenhead, within the city region area, appears on the index of England’s struggling cities.

18 http://artsandbusiness.org.uk/Media%20library/Files/Research/pics0809/pics0809_fullreport.pdf

19 Brenda Parkerson, Regional Director, Arts & Business North comments: “The North West continues to have an extraordinary cultural life. We need everyone to understand how hard cultural organisations work to secure private money to make this cultural life flourish. Many of our cultural partners are showing a real willingness and ability to adapt to the new funding environment and Arts & Business is with them every step of the way. It is not about “quick fix” fundraising, arts organisations need to help foster a culture of long-lasting relationships. We know it can be harder to raise private money here in the North West than in other parts of the country. London arts bodies receive more than three times as much private investment as in the England regions – and 88% of all individual giving is concentrated in London. Arts & Business’ analysis also reveals there is a vast difference in levels of private investment received by large and small organisations. Large and major organisations (with an annual turnover of £1m+) receiving approximately £802m, while medium and small organisations (with an annual turnover of under £1m), collectively receive around £59m. The UK model of public and private investment is working and while under severe threat, must not be allowed to falter. Collectively we must do all we can to champion and grow the contribution of the private sector in this region to make our cultural world succeed.”
45. Finally, in encouraging greater philanthropy it will be important to recognise that there is a limited culture of philanthropic giving in the UK at present, which goes beyond the experiences and endeavours of the arts sector. The university sector in the UK has only recently benefited from significant government matched funds, to help promote greater philanthropic giving. In moving towards greater philanthropy, small-scale giving must be appreciated as much as larger gifts, in order to foster that greater giving culture and habit.

**Whether there need to be more Government incentives to encourage private donations?**

46. Introduction of incentives to encourage private donations would be welcome, in particular in relation to ‘Lifetime giving’, whereby a donor gifting a work of art retains some ownership of the item, is enabled to share it with the public through an arts organisation, and gains the benefits of both a tax benefit and being recognised as a donor within their lifetime. In Liverpool, where there is a limited pool of potential individuals who may have money to give, finding other ways in which to support giving – such as the giving of objects – will be particularly important.

*September 2010*
Written evidence submitted by English Touring Opera (ETO) (arts 55)

This submission comes from James Conway, General Director of English Touring Opera (ETO). The submission is specific: running an arts organisation with a turnover of £2.7m and a very large number of productions and performances up and down the country is like running any small non-building based business – all consuming. Like most people in my position, time for advocacy is recreational: and I urge caution when reading fine submissions, as you must consider how people have the time to make them, if they are effective and efficient producers/presenters/artists.

I apologise for the direct language. I don’t get to read enough reports.

A

The impact that the recent, and future, spending cuts from central and local Government will have on the arts at a national and local level

A1. Funding goes up and down. In the past 15 years there has been considerable consolidation – and expansion – in the theatre sector, expensive rescue packages for the orchestra sector and 3 opera companies, and predictable increases in subsidy to the largest national institutions. Some of the effects have been wonderful. Recently, some very imaginative and responsive work from the ACE has enabled many large and small arts organisations to survive since the economic downturn – organisations that had come to depend on earned income from Trusts and Foundations and from wealthy donors, traditionally unreliable in times of low interest and high uncertainty.

A2. Recent cuts in ACE funding, passing on some of the cuts from the DCMS, have been “un-nuanced”, as ACE would say. That means a percentage cut across the board – not unreasonable in the timescale, but unhelpful all the same. Percentage cuts across the board have worse effects on efficient arts organisations than they do on relatively less efficient arts organisations. I think that addresses what is called the “tipping point” theory: cuts of 30% will make the most efficient arts organisations unviable, and the least efficient even more top-heavy. I estimate (broadly) that it means 45-50% less will go to practising (and expensively trained) artists.

A3. I run what I would call a ‘bare-knuckles’ organisation, with no fat whatsoever to trim in the efficient (and inspiring, but that’s a different question!) production and touring of opera in England. By its nature, opera makes intensive demands in terms of paid personnel: singers, orchestra, crew and a small marketing/fundraising team are all required. You cannot just decide to do it with 10%, or 30%, fewer artists. The challenge is to find the level at which the rehearsal and production costs are most effectively spread over a tour which gives optimal access for audiences right around the country – and this is what we have achieved, whilst receiving the lowest subsidy per performance of any opera company in the UK (ie 20% of the average opera company subsidy per performance).

In truth, greater efficiency is possible – by small expansion! With 15% more ACE funding, we could tour to 5 more cities in England over 5 weeks, “providing the service” (as one now speaks of making art) for a fraction of the cost of any other “provider”.

A4. Touring organisations will suffer disproportionately from simultaneous cuts at national and local level. After support from ACE, the largest percentage of income is earned at the box office, shared with partner theatres. As these partners are adversely affected by local authority cuts, touring companies will find – inevitably - that these partners pass on some of their local cuts to the companies they host – whether through reduced income shares and/or increased costs.
**B**

**How arts organisations can work collaboratively in order to reduce duplication of effort and ensure greater value for money.**

B1. Great idea – if it wasn’t for the fact that arts organisations have always been thinking about this, if their leaders have a sense of responsibility for the public funding they receive. When I took over English Touring Opera 8 years ago, it was ailing: £250k deficit, poor critical reputation, minimum wage, no prospects – an out of date business model. Part of trading our way out of this deficit (rather than relying on an ACE rescue package) was to create a new business model, and consider mergers, collaborations, and contracting out. Since then we have had 8 significant co-productions, but no merger. In order to share a (leased) photocopier, or (free, an in kind-donation from a big law firm) computers, or an already bargain-basement office, it would be inefficient for English Touring Opera to move in with English Touring Theatre, surprisingly (but the figures are done), or with English National Opera, which has no interest in or understanding of touring. Either move (or, for example, a merger with a commercial company like Grange Park Opera) would cost us more to do what we do already. I imagine plenty of other people have costed the same exercises, and re-imagined themselves every few years (certainly enough arts organisations have had significant interventions from consultants, experts in the business who might otherwise be doing useful jobs): it’s best to assume that it’s not a new idea to think of sharing.

B2. What I do feel about this issue is that some very impressive quangos do not share their data effectively, or give their advice very usefully. I believe that they are estimable organisations, but I have not found them useful in touring policy or practice, or in terms of fundraising expert advice. Nor has an organisation for which I have worked been asked to share data or expertise acquired with the support of the tax payer.

**C**

**The level of public funding that is both necessary and sustainable.**

C1. Public funding for the arts makes jobs and makes money. Art makes life more bearable – rich, even. This has been well demonstrated by advocates more eloquent than I, and ACE has a pile of documentation relating to this. It is a mistake to regard public funding as a sort of donation. The Arts contribute greatly to the overall economy and are a source of prestige for the nation. Actual government support, though an easy, highly visible, target, is a tiny part of the overall budget for the country yet the Arts budget yields such visible and valuable rewards for its employees, participants and audiences, as well as for the economy as a whole.
Whether the current system, and structure, of funding distribution is appropriate

D1. We need the ACE. It may be no harm in the short term that it is leaner, and that it concentrates on the prudent, imaginative - even visionary – investment of funds from government. It would be a mistake for DCMS to take on more direct funding, and a burden imperilling their important role. ACE advocacy has been valuable, and its research over the last decade is a terrific resource; in leaner times, it may be regarded as luxurious.

How business and philanthropists can play a long-term role in funding arts at a national and local level

E1. Business and philanthropists do already play a significant role in funding the arts. In each case the support describes a partnership, an exchange. Business wants (in general) opportunities for branding, corporate entertainment, and corporate PR, and there is a measure for each of these. It is welcome, important, and especially well suited to certain manifestations of performing and heritage art. Philanthropy is more various; usually it is a trade-off for an exclusive experience that will be witnessed by others: a well documented gift, signalling taste, prestige, and ‘love of man’ (philanthropy). Some organisations (in the performing arts, examples that spring to all minds are Glyndebourne, ROH, LSO) have excellent opportunities for prestigious, exclusive experiences, and they already have enviable expertise at harvesting appropriate corporate and philanthropic funds. Genuine philanthropists are rare: they may just relish supporting the theatre in their county town, the opera that comes to it, or the work that this company does in the local special school or day centre for people suffering from dementia. Our pitches may persuade them to develop a nascent interest in people in their community who are shy of the local theatre (let alone Glyndebourne) for reasons of age, disability, or social status. In truth, this work has been generously supported by trust funds, and it is likely to be so supported in the future, despite low interest rates. Other countries are very envious of the support given by UK trusts and foundations to the arts.

E2. Corporate sponsorship and private philanthropy is already significant, and it is likely to become more so if state support does not waver. Certainly we all get the message that we all need to invest more time – and money! – looking for it. It is important to realise, however:
- that serious players in the arts have no resistance to corporate or private investment, and years of experience raising it;
- that wealthy people in Britain are utterly dissimilar to wealthy people in America (I was raised there!)
- that philanthropy is not a substitute for subsidy in the UK context;
- and that that UK context is a thriving, creative, internationally celebrated cultural scene

E3. A strong point: trying to set a model percentage for public/ private/ earned income in arts organisations will never be helpful, or intelligent. Touring performing arts, for example, will never be able to achieve the percentages that may be achievable in prestige buildings. My former Development Manager and current friend is now Development Manager at Glyndebourne, so no softy. He has been able to describe the many ways in which people and companies line up to support and share the exclusive Glyndebourne brand, and I thrill to hear it. Supporting quality work at your local arts
centre, at popular prices, in the company of normal, “big society” people – utterly
inclusive work – will always have a much harder time, as successive Chairmen of ETO
(significant, canny philanthropists, each of them) have pointed out.

*September 2010*
Written evidence submitted by the Institute for Creative Enterprise (ICE), Coventry University (arts 56)

1. Introduction

1.1 This response has been prepared by Christine Hamilton, Director of the Institute for Creative Enterprise (ICE), Coventry University, on behalf of the Institute. ICE provides the bridge between creative graduates of this university (and others in the West Midlands) and the wider creative industries. We work with those who are leaving university with a BA or MA in Performing Arts, Design and Visual Arts, Media and Communications and Industrial Design. We support the graduates to find jobs, develop their own businesses and to gain knowledge via placements, mentoring and training in the creative industries sector.

1.2 ICE also works closely with established businesses on knowledge transfer, the development of creative practice, and new skills in management and leadership. Recent projects include: developing with the Belgrade Theatre a tool for designers and technicians to create sets in a virtual 3D setting to uncover and solve problems; supporting dance companies to work with older people with memory loss; and running creative labs for businesses wishing to develop commercial projects using digital tools.

1.3 ICELab, our research arm focuses on two areas of work: Cultural Policy and Society and Capturing Creativity|Digital Culture

1.4 The comments below are in relation to the points relevant to our experience working with the arts- particularly in the interface between art and commerce.

2. Summary of our response

- The proposed cuts will not only have an effect on the creative future of artists and the subsidised sector in England, it will also damage the commercial aspects of the creative industries which rely on creative talent. This, in turn will have an effect on the global impact of the country.
- The proposed cuts will have a deeper and more long term effect in the regions of England.
- Arts organisations are already very skilled at working in partnership and while there may be further savings to be made in terms of ‘back room' functions these are likely to be minimal.
- There is no ideal 'level of funding' and no international benchmarks figures which offer strict comparability. However there are differences in approach across the UK.
- The restoration of the original distribution mechanisms for the National Lottery would go some way to saving arts and heritage- although it may be too late by the time this is done.
- Businesses and philanthropists can help to support the arts, and they already do. However, there is a reluctance on the side of the philanthropist to replace public funding; and there is never going to be enough coming from this source to fill the gap which is emerging. This is a particular issue for areas which do not have HQs of large businesses or have low profile activity.
3. Response

3.1 Impact of cuts

3.1.1 At the moment we do not know the exact level of public sector cuts on the arts and heritage but the picture is gloomy. As with previous squeezes on expenditure, this affects the arts from two directions: national government support via the Arts Council and local government support. Some of our arts and heritage institutions will close with loss of jobs.

3.1.2 Our concern, however, is the hidden cost of creative artists unable to develop their work and their career whose imagination and creativity fuel a wider creative economy. J.K. Rowling wrote her first Harry Potter thanks to a grant from the Scottish Arts Council. Now she is one of the richest women in the UK and has not only supported a publishing and film industry, she is also a personal philanthropist in the area of medical research.

3.1.3 Of course not all artists are as successful as Rowling, but our music business, games and film industries, broadcasting output and design industries of all sorts, depend on the individual creative idea. In the digital world content is king and it is here where we have global impact.

3.1.4 It is our experience that those working as individual artists are also sole traders. They are flexible and creative in earning money as they are in creating work. We work day in and day out with artists who move with ease between the private and public sectors. However this is a knife edge existence and pull away the public sector organisations with which they work, and they will no longer have a sustainable existence as artists. Our research has shown the importance of networks for innovation and creativity. We have just over 1,000 people on our creative network, Emerge. The livelihoods of everyone of these people is at stake and when multiplied across the country, this is a significant

3.1.5 We also believe from our work that the proposed cuts will cause greater and longer term damage to first and second tier cities. London has to be supported to continue to be a global city in all aspects of our cultural life -- particularly in light of 2012. However, cities like Newcastle/Gateshead, Leeds, Manchester, Liverpool, Birmingham and Bristol will struggle to hold on to the great gains they have made in the infrastructure and their cultural output-- particularly on regional museums. Cities like Coventry will find it even harder in light of the size of the investment they can expect to receive in the city. Successful strategies for growth in recent years by 'second tier cities' have supported a rich cultural infrastructure but they are not mature or deep enough to survive the proposed cuts and will push many into economic gloom and set back regeneration plans.

3.1.6 We cannot ignore the loss of a regional structure. The whole of the West Midlands has effectively been dismantled with the end of the regional development agency, the government office, the screen agency and the re--organisation of the Arts Council. In Coventry there are two universities, a world-renowned cathedral building, the largest arts centre in England, the first new civic theatre to be built post war, an award winning art gallery and museum -- and all that within 20 miles of the birthplace
of our national bard. It is scarcely credible that this city could have its arts at risk because there will be no local, regional or national fund to provide the little support it requires to survive.

3.2 Partnership working

3.2.1 Along with the assumption that all artists are bad at businesses (quite the opposite) goes the idea that the problem is that arts organisations are badly run and do not share resources. We can point to several examples of partnership working here in Coventry alone:

- Theatre Absolute and Artspace working with city development department have worked to transform a post-recession city centre by taking over empty shops and converting them into art spaces.
- As mentioned above, the Belgrade Theatre working with Coventry University and a freelance artist to develop a new product for theatre technicians, ready to go to market.
- Co-production between Belgrade Theatre and Talking Birds about the time Coventry City won the FA Cup.
- Collaboration across Coventry and Warwickshire museums to bring out the treasures of the area - in collaboration with the local BBC Radio station.
- Four creative companies in Coventry rent space here at ICE and share resources in terms of meeting space, networking events etc.

3.2.2 Across the country there are many examples of collaborations, partnership working and joint initiatives. It is true to say that not many arts and heritage institutions share back room functions: payroll for example. However this is normally such a small part of their costs there is little to be made in the way of savings here.

3.3 Level of funding

3.3.1 There is no ‘ideal’ level of funding for the arts. There is not international benchmark -- funding systems differ across the globe. Rather it is a matter of agreeing what funding will provide. The arts play hugely important role in education and supporting work in areas of health, prisons, social services etc. The arts also contribute to our tourist offer and, as already said, underpin economic growth in the creative industries and the wider knowledge economy. However perhaps least tangible is the most significant: this is something we are good at and is incalculable in terms of our national esteem and matters in global terms.

3.3.2 The Committee should be encouraged to bear in mind that, with the exception of the National Lottery, and some aspects of the support for film, all its areas of discussion apply only to England. While clearly other parts of the UK are also facing cuts in cultural funding, there is no certainty that they will be at the same level. A talent drain to Wales, Scotland or Northern Ireland may not seem, on the face of it, as a particular threat to England when viewed from London. However the regional cities of England might find this plays differently with them with challenges from Edinburgh, Glasgow, Cardiff, Belfast and now Derry.
3.4 National Lottery
3.4.1 The proposal to restore funding proportions to the arts and heritage sectors after 2012 is welcome and brings the situation back to the initial years of lottery funding. It was an early pledge by a previous Conservative Government that Lottery funding would not be used to replace public funding. (This would be in contrast to almost every state lottery from elsewhere in the world, where lottery money has been used to support government projects and in the UK we have seen public projects such as the Big Lottery and the delivery of the Olympics being lottery-sponsored). In the final analysis however, it is not the source of the money which matters but how it is spent and if additional lottery funding will help to save our arts infrastructure it should be welcomed.

3.5 Sponsorship and Philanthropy
3.5.1 There is a misunderstanding of the current position. Arts organisations work hard, and with some success, in developing sponsors.

3.5.2 From all media reports on this it seems unlikely that sponsors and philanthropists would be interested in replacing public funding. They see their role as adding to it.

3.5.3 More pertinent is the amount of money available. Bank of America Merrill Lynch spends US$40m\(^1\) globally each year, less than Arts Council Wales.

3.5.4 An example: the Belgrade Theatre is about to re-mount a very successful show about the Coventry blitz- its third run and this time in a bigger space with potentially and audience of around 900 per night. Despite efforts, no local business has shown any interest in supporting this production -- a sure-fire success -- for 5k sponsorship, a great deal less than the initial public investment.

3.5.5 It might be possible to improve the situation with tax incentives (which do exist in the USA). However it is more of a cultural difference than a fiscal one.

September 2010

\(^1\) http://www.guardian.co.uk/stage/theatreblog/2010/aug/03/arts-funding-banks-merrill-lynch
Written evidence submitted by Wiltshire Music Centre Trust Ltd (arts 57)

1. Short Summary of the Trust’s response

- Our response focuses on the arts rather than heritage as our experience and expertise is in the arts.
- The arts in England operate very cost effectively and make very modest demands on public funding.
- Yet the UK has world-class arts and artists; a sector that gives Britain an international edge as a dynamic place to live, work and do business.
- The arts in the UK are a UK-wide international success story thanks to 15 years of sustained investment and lottery funding.
- The arts fuel the creative industries and help generate future jobs in one of the fastest growing parts of the economy.
- The cultural sector has a proven track record of regenerating towns and cities and contributing to a cohesive and engaged society.
- Sustained support of the arts will allow them to play a vital role in Britain’s economic recovery.
- The arts are central to a government that places a healthy society at the heart of its agenda.
- Any cut to the arts will have a disproportionate effect for a relatively tiny saving to the public purse.
- The financial climate is tough, but the arts remain a compelling case for public investment.
- The arts are valued, they really matter, they are essential to our quality of life.
- The arts broaden horizons, stimulate new thinking, provide pleasure and raise aspirations - they inspire and sustain the spirit. More people are enjoying the arts than ever before (76% in 2008/9).
- The considerable benefits the arts can bring in other areas - social, economic, and to general well being - begin with the quality of the art itself. And this country has invested in artistic excellence for the long term.

2. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level:

2.1 The arts in England operate very cost effectively – in most arts organisations there’s little if any fat to trim. Collectively the arts are not a large burden on the public purse, they operate on a mixed economy. Public investment, though relatively modest, is nevertheless vital because it underpins all other income streams.

2.2 The impact of the cuts and where they will fall are not yet clearly known. We are planning as advised for a cut of at least 10% for 2011/12. We know that cuts over the three subsequent years to March 2015 are expected to total up to 30%. If applied on an equal-misery-for-all basis, it seems highly likely that some arts organisations would have to close. We imagine therefore that ACE will want to apply what funding there is strategically and selectively. These funding decisions will be known by March 2011 and will need to be managed with considerable care and attention to detail.

2.3 What we can say for certain is that government cuts to the arts will yield only tiny savings in public expenditure. Total public arts funding through Arts Council England represents only 0.08% of the Government’s overall budget. A 30% cut in this expenditure is less than 0.025% of the total annual budget and less than one thousandth of the structural deficit.
2.4 Many very successful arts organisations, such as the Wiltshire Music Centre Trust, operate at the very boundaries of viability. After 10 very successful years growing the Centre’s work, and with an annual turnover now in excess of half a million, we had an accumulated trading surplus last year of just £344. This gives an insight into how a very successful small-scale regional arts lottery project, doing cutting edge education work, sits literally on a knife-edge of viability. The Trust’s Arts Council grant represents just 20% of its annual income. We achieve leverage of 4:1.

2.5 While the contribution that the arts can make to the budget deficit is minute, the impact on other aspects of arts income risks de-stabilising the arts infrastructure and causing irreparable damage. If cuts to its public funding were severe enough to destabilise the Wiltshire Music Centre Trust, the collateral damage would be the remaining 80% of our income (over 60% of which is earned and self-generated) and of course 100% of our work. The people and small businesses whose work depends on a thriving Music Centre would be adversely affected: musicians, project leaders and teachers, technicians, maintenance staff, designers, printers, builders, our suppliers, insurers, outsourced H&S and HR guidance, legal advisers and accountants etc., etc. Ancillary businesses would also be impacted, the restaurants, hotels, B&Bs and local shops etc. that our artists and audiences use. With no public funding there would be a loss of economic activity and vitality but no net gain either to economic prosperity or as improvement to the structural deficit.

2.6 The impact on our own work would be no less severe. We deliver an exciting range of charitable education work, engaging with around 4,000 young people and some 80 schools and approx. 20 community groups this year, plus 100 public concerts. This outreach work would disappear and the quality of life in the communities would suffer. The impact on educational targets, social cohesion, sense of cultural identity and local pride could compound this damage. Local communities would suffer a loss in quality of life, volunteering opportunities for older people and work experience opportunities for young people would disappear, as would outreach work with the elderly and disabled, with minority groups, children at risk, school refusers, young offenders and other vulnerable people. We have over 100 volunteers to help us manage this work and a small 10 strong team of staff to sustain this programme. By no yardstick are we a lavishly resourced organisation, yet despite starting with literally almost nothing in the bank, we have never once had an overdraft.

2.7 From a business point of view there is a point at which the operating models of many such arts organisations will have to be radically reappraised, and some will not have that option. There is a tipping point of 10-15% for most arts organisations. Cuts of the magnitude proposed will have a real impact on the frontline and cost far more than the extremely small sums they save government overall. This is because cuts in local authority funding, a reduction in private sector support and escalating running costs threaten to create the ‘perfect storm’ for many successful organisations who operate close to the edge of viability on the mixed economy model.

2.8 Any cuts need to be spread intelligently over four years so that they can be managed in the best way. Any dramatic cut in funding in 2011/12 will hit organisations hardest in the Olympics year and it would take many years to recover.

3. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale:

3.1 The UK is among the world leaders in terms of the quality of much of its arts practice and, thanks to arts lottery funding, it now has more first rate, modern arts facilities. Yet the level of public funding per head of population for the arts in this country remains low compared to many other developed economies. At the same time there isn’t the philanthropic tradition or
potential that there is in the USA, nor the degree of civic and state pride in cultural activity found in most Western European countries. The arts in the UK have learned to manage on relatively little subsidy and, with few exceptions, are already run on a very lean and cost effective basis. They are already finding new approaches to arts funding and partnerships, collaboration and delivery and thinking differently within this changing context.

3.2 In Wiltshire we’re not aware of much if any duplication of effort. There are already good networking forums and lots of collaboration – most of the Centre’s education work is delivered in partnership. Wiltshire’s local authorities have long taken a low rate, low spend approach. Rather than competing with each other, arts organisations in Wiltshire work together to make the most of what opportunities there are. This gives added value, extends the benefit and makes the work more sustainable. There are good anti-clash mechanisms too, so that we minimise the risk of splitting audiences. Together we work to ensure that what public funds are available for the arts in Wiltshire are used in the most cost effective way to deliver the greatest public value.

3.3 Nevertheless, building on the willingness to share intelligence and learn from each other, there may be scope for further collaboration, perhaps joint commissioning of work and procurement of goods and services to achieve economies of scale and greater purchasing and bargaining power. These ideas are gaining currency.

3.4 Organisations seeking to grow their outreach work could share a project coordinator rather than engage their own. However, organisations already undertaking ambitious county-wide outreach programmes, like the Wiltshire Music Centre, would have to scale down their work and ambition in order to share a staff resource because there would be a corresponding loss of capacity. However, new initiatives to engage hard to reach audiences might well offer an opportunity, for joint approaches and collaborative programmes of work, to achieve greater impact and coverage: e.g. working with BME communities who are scattered in relatively small numbers across the county.

3.5 While at first sight regional contract orchestras might struggle to achieve a reduction in core costs without drastically revising their artistic remit, the imperative to find savings might result in their negotiating more flexible contracts with their musicians. This might enable them, when not programming symphonic repertoire, to deploy musicians more flexibly in smaller venues, reaching a wider range of audiences, perhaps tapping into new sources of income. In the South West, where there are few satisfactory symphonic spaces, this could bring real benefits. Many of the more adventurous musicians might welcome a more varied diet of repertoire and work, opportunities for wider engagement with audiences and for linked education projects.

4. What level of public subsidy for the arts and heritage is necessary and sustainable:

4.1 So many arts organisations in the UK operate at or close to the brink of viability. The current arts budget costs just 17p a week per person. As relatively little money can be saved by cutting this funding; since such good value and benefits flow from this investment; and since so much leverage and benefit could potentially be lost were the cuts to be severe enough to jeopardise the viability of arts organisations – the short truthful answer to this question is that the level of arts subsidy needed is probably more than what is currently invested and certainly not less.

4.2 However, the arts have to recognise the current economic realities and play their part in helping to eliminate the structural deficit. We are not indulging in special pleading, we want to emphasise how essential it is for the cultural health of this country, for its great strengths artistically, for the welfare of its young people and communities and for its tourism and related
industries, that the arts are not disproportionately disadvantaged by the proposed cuts and not permanently damaged. Just as soon as the economy allows, investment in the arts should be swiftly restored at least to current levels.

4.3 The small amounts of public money invested in the arts work very hard and stimulate a mixed economy culture that is admired the world over. They deliver a real return for the country in economic terms; in terms of the kind of society we want to be; in general well being. All this relates directly to the quality of the art itself. Investment in the arts and artistic excellence has to be for the long term.

4.4 Arts investment is vital for the creative industries, and these are fundamental to the competitiveness of British business and seen as our best route out of recession. Between 1997 and 2006 the creative economy grew faster than any other sector, accounting for 2 million jobs and £16.6 billion of exports in 2007.

4.5 Arts and our cultural heritage are central to tourism in the UK: this was worth £86 billion in 2007 - 3.7% of GDP - and directly employed 1.4 million people. Inbound tourism is a vital export earner for the UK economy, worth £16.3 billion to the UK economy in 2008. Liverpool 08 was the most successful European Capital of Culture ever, with 15 million cultural visits and £800 million worth of local economic benefit.

4.6 Artistic enjoyment and creativity has never been more universal, more innovative, more easily distributed, shared and exchanged. The UK has the largest creative sector in the EU, and relative to GDP probably the largest in the world. The arts broaden horizons, stimulate new thinking, provide pleasure and raise aspirations - they inspire and sustain the spirit. More people are enjoying the arts than ever before (76% in 2008/9).

4.7 For every £1 that the Arts Council invests, an additional £2 is generated from private and commercial sources, totalling £3 income. At a local level our ACE funding levers in four times its worth and in some cases ACE investment can lever in five. This is because government investment in the arts through the Arts Council and ‘kite marked’ as such, acts as a stamp of approval that draws in funding from the private sector and philanthropic sources: philanthropy follows success.

5. Whether the current system, and structure, of funding distribution is the right one:

5.1 We believe that the current system, and structure, of funding distribution is the right one. In the English regions, the detailed regional knowledge and expertise of Arts Council staff and artform specialists working at a regional level, from regional offices, has been a very valuable resource.

5.2 The Arts Council has trimmed down its operating costs to 6.6 per cent (reduced from 11% in 2001/2) since 1 April, and of that only 3% is spent on administrative costs. DCMS has asked the Arts Council, along with other Non Departmental Public Bodies, to model a further 33 - 50% cut to its administration costs. If a cut of this size is implemented, the Arts Council will no longer be able to operate effectively on behalf of the sector, or manage the profound change to the sector that will be required over the coming years.

5.3 We are somewhat alarmed to learn of this. A 30% cut would, if passed on equally, amount to a reduction in the Arts Council's budget for regularly funded organisations of £134m a year. This would mean the loss of many arts organisations - large and small. At the same time, the slimming down of the Arts Council implies increased demands on specialist arts organisations such as the Wiltshire Music Centre to provide artform specific advice, guidance, evaluation and
peer review. We are simply not convinced that arts organisations already on the margins of viability could sustain cuts of up to 30%, take on additional responsibilities of this sort and continue to deliver work of the highest quality. Attempting to squeeze yet more productivity out of already marginally viable organisations would destabilise them, resulting in the government getting much less value for their investment.

6. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations:

6.1 It is thanks to 15 years of sustained investment and lottery funding that the arts in the UK are a UK-wide international success story. The shift of Lottery funding to help support sport and the Olympics has already greatly disadvantaged the arts. While the arts sector recognises the need to contribute to the economic recovery - it has already sustained £112.5 million of Arts Council Lottery funding being diverted to the Olympics, in addition to the in-year Grant-in-aid cuts.

6.2 While the proposed return of Lottery money to the arts will be greatly welcomed by all, Lottery money is only to be phased in over time. Any increase in Lottery funding will therefore not mitigate the impact of grant-in-aid cuts in the next couple of years, and Lottery cannot substitute for government funding because of the important principle of ‘additionality’.

7. Whether the policy guidelines for National Lottery funding need to be reviewed:

7.1 We believe that the principle of ‘additionality’ is an important aspect of Lottery funding. It is this that has enabled the arts to raise its game, become more effective and have a wider impact and benefit without requiring any significant increases in revenue funding.

8. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council:

8.1 While this isn’t our area of expertise, we are concerned that bodies with this degree of expertise and objectivity are being so swiftly closed down. We wonder what the long-term consequences of such ‘savings’ will be and what the future holds for the arts funding system.

9. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level:

9.1 Britain has developed a modern and progressive model for cultural organisations, bringing together public funding and private enterprise - a truly public-private partnership. But it is a finely balanced economy: if public funding is significantly reduced, the knock-on effect will be profound and the private sector will not be able to make up the shortfall, earned income would be lost and this thriving economic activity would collapse. Major donors and Friends groups play their part in supporting the arts, as do sponsors, corporate donors, trusts and foundations. But it should be borne in mind that philanthropy and sponsorship follow success, they don’t have the resource in the UK to sustain organisations whose public funding has been cut.

9.2 In addressing this point we shouldn’t overlook the potential impact of cuts on arts organisations’ earned income: well over 2.3 million people, more than 47% of the South West’s population, engaged with the arts in 2008/9 (the highest percentage outside London and the South East) spending an estimated £137 million each year on culture and recreation – higher than the national average. None of these people would see it as feasible or desirable to replace the public funding. Short term Government funding and Local Authority cuts could therefore have unintended long-term consequences causing this fragile economy to collapse and many
vulnerable arts businesses to fail. Under these circumstances, the loss of other income and damage to the infrastructure risks becoming permanent – redundancies would be inevitable, as would the loss of associated employment. Philanthropy is part of the picture, but only a part. The same goes for government funding, but that public subsidy is a crucial part.

10. Whether there need to be more Government incentives to encourage private donations:

10.1 The re-gearing of the UK arts economy implied by this question and 9 above would require considerable additional investment up front and sustained for long enough for a long-term strategy to achieve the required shift. To be sustainable there would also need to be much greater buoyancy and growth in the UK economy.

10.2 In brief, the financial climate is tough but the arts remain a compelling case for public investment.

*September 2010*
Written evidence submitted by Partnership for Urban South Hampshire Quality Place Delivery Panel (arts 58)

1. Summary

1.1 Local Government is the principal public sector investor in Culture and Heritage in South Hampshire.

1.2 A strong Culture and Heritage sector provides a cost effective way to secure economic development, health, learning, community cohesion and place shaping outcomes.

1.3 Loss of funding will both directly damage local cultural infrastructure and the local cultural ecology. Additionally significant risks exist that the impact of small cuts could be magnified by the unwinding of leveraged funding packages, reduced capacity to evidence the contribution of culture to local policy priorities, and lack of the necessary resilience in the sector to allow it to respond to new policy agenda.

1.4 Funding of Culture and Heritage should be regarded as an investment which delivers clear policy outcomes which reflect local priorities.

1.5 National funding should be cognisant of the localism agenda, and sufficiently flexible to be pooled with other funding streams so as to facilitate the use of culture to achieve local policy outcomes.

1.6 A new relationship between lottery funders and Local Government should be established which recognises the leadership role of Local Government. Funding streams could be developed to facilitate transition to a more self reliant cultural sector and consideration should also be given to the use of loans, as well as grant funding.

1.7 At a local level arms length bodies should learn to work together more closely, share resources and provide single points of contact.

1.8 Philanthropists and private sponsorship can play an important role, but care must be taken to ensure that benefits flow to local organisations, as well as the well known national institutions.

2 Introduction

2.1 The Partnership for Urban South Hampshire (PUSH) is made up of 11 Local Authorities: Hampshire County Council, the Cities of Portsmouth and Southampton, the four urban Districts of Eastleigh, Fareham, Gosport and Havant (whose boundaries totally fall within the PUSH area), and 4 further districts (New Forest, Test Valley, Winchester City and East Hampshire) through which the PUSH boundary cuts.

2.2 The drivers for collaboration are economic development and the management of housing growth. In 2006, PUSH was selected by the Department for Communities and Local Government (CLG) to become one of 29 growth points. PUSH was also identified in the regional economic strategy as a Diamond for Growth. In 2008 PUSH became the first sub region in the South East to sign a Multi Area Agreement.
2.3 PUSH has, from inception, recognised the importance of quality of place (including culture, sport, and stewardship of the historic environment), as a means of securing future prosperity. In 2008 PUSH was adopted by the Living Places partnership of cultural agencies (http://www.living-places.org.uk/) as a priority place and has since developed a reputation for developing innovative approaches to place shaping.

2.4 In 2008 the Quality Place Delivery Panel was established as part of the formal PUSH governance structure. The Panel is chaired by Councillor Gerald Vernon Jackson (Leader of Portsmouth City Council), and reports directly into the Joint Committee which steers the work of the Partnership.

2.5 The priorities of the Quality Place Delivery Panel are identified in their business plan and include:

- 2.5.1 Promoting the identity of South Hampshire, and building the reputation of the area as an excellent place to live, work, and invest.
- 2.5.2 Promoting cultural and sporting engagement and participation.
- 2.5.3 Supporting the development of the cultural and creative economy.
- 2.5.4 Promoting tourism and the visitor economy.
- 2.5.5 Ensuring South Hampshire is a world class place to live in terms of Design in the Built Environment, and Stewardship of the Historic Environment.

The PUSH Quality Place Delivery Panel welcomed the opportunity to respond to the Select Committee’s Call for Evidence. Our responses to the questions are as follows:

3 What impact recent, and future spending cuts, from central and Local Government, will have on the Arts and Heritage at a national and local level?

3.1 Local Government is the main public sector investor in cultural provision in South Hampshire. This investment has resulted in the development and sustenance of a physical infrastructure of arts centres and venues, as well as libraries and museums, which ensures that all South Hampshire residents have access to a diverse range of cultural provision. Local Government has also taken the lead in investing in arts and cultural development work which has incubated and facilitated the growth of a diverse range of artists festivals events and cultural organisations, all of which have contributed the rich cultural ecology in the area.

3.2 In the past decade Local Government has played a crucial role by either funding, or facilitating the delivery of a range of capital projects. These projects include:

- 3.2.1 Library modernisations, such as the development of the Discovery Centres in Winchester and Gosport, which have demonstrably increased library usage.
- 3.2.2 Cultural infrastructure developments, such as the development of the Point Arts Centre and Creation centre in Eastleigh, and the regeneration of the Historic Dockyard and Gunwharf in Portsmouth.

3.3 Further development is proposed in the next decade which includes:

- 3.3.1 a new Arts Complex in Southampton
- 3.3.2 The Sea City Museum in Southampton
- 3.3.3 the Mary Rose Visitor Centre in the Portsmouth Historic Dockyard
- 3.3.4 the New Theatre Royal development in Portsmouth.
Havant Borough Council and Gosport Borough Councils are also considering proposals for investment in the cultural infrastructure.

3.4 The outcomes from local government expenditure include:

3.4.1 **The growth of a rich and diverse cultural offer** - which is accessible and engages most residents, frequently making use of buildings which are supported by Local Government.

3.4.2 **Enhanced life chances for young people** - The Find Your Talent, Creative Partnership, and Renaissance programmes have had significant impact on learning opportunities in and out of school. Park School in Havant has used specialist arts college status and creativity in the curriculum, to become one of the most successful schools in terms of the value added league tables in the country.

3.4.3 **The development of a strong creative economy** - Support for creative industry development, delivered in partnership with local universities, has contributed to the growth of a sector which employs nearly 30,000 people in South Hampshire, and has doubled in size in the past ten years.

3.4.4 **Strong and cohesive communities** – Mela’s, events, and festivals initiated through seed corn public investment have increased community capacity and confidence, contributed to the building of trust between communities, and increased public levels of confidence in Civic Society.

3.4.5 **Enhanced perception of Quality of Place** - The cultural offer, stewardship of the historic and natural environment, and the vibrant visitor economy, are increasingly recognised as being key to factors in reinforcing South Hampshire’s reputation as a Great Place to Live, Work and Invest.

3.5 National investment is channelled in 3 ways:

3.5.1 **Direct Funding** - English Heritage and organisations responsible for funding National Museums, including Museums with connections to the Armed Services, directly fund, manage, and promote access to some of the regions Heritage.

3.5.2 **Arms length organisations** - such as Arts Council England and the Museums Library and Archive Council (MLA), support regularly funded organisations and museum service enhancement. These organisations have also historically supported local government by providing authoritative advice and guidance. Predominantly this funding is focused on securing high quality artistic outcomes, and stewardship of collections. However Creativity Culture and Education (CCE) has been core to the funding of cultural education initiatives in the area.

3.5.3 **Lottery Funders** - including the Arts Council, and Heritage Lottery Fund, have played a significant role in supporting local government to secure cultural infrastructure development, and provided revenue funding to some organisations serving the area. The Olympic Legacy Trust as part funder of the Creative Campuses initiative has also facilitated collaboration.
between universities within the region on issues relating to culture and creativity.

3.6 Real risk exists that relatively small reductions in funding will cause significant damage for the following reasons:

3.6.1 Loss of Support for Infrastructure – The vibrant cultural ecology of the area has grown partly as result of Local Government support for venues, and cultural development work. A reduction of this support, if not mitigated by other actions, is likely to have a direct impact on the range and diversity of the cultural offer and levels of cultural participations.

3.6.2 The potential unwinding of leveraged funding packages - Cultural projects frequently depend on complex partnership funding packages. Funding channelled through the Arms Length Agencies is frequently linked to a pyramid of leveraged Local Authority, economic development, and education funding. The loss of one element of funding can lead to the loss of the entire project as other funders may struggle to fill the gap.

3.6.3 Loss of support in making the case for culture - Over the past decade the contribution that culture and heritage can make in helping a locality to cost effectively secure economic, health, education, and place shaping outcomes has become well documented and evidenced. However reduced investment in supporting evidence gathering might result in the loss of the Taking Part, and Active People, surveys, or local advocacy work undertaken by the arms length agencies and Local Government Development and Improvement, could mean that it will become increasingly hard to make the case for cultural investment as well as providing evidence of outcomes at a local level.

3.6.4 Lack of readiness – Within the sector many people welcome the challenge of a transition to a more entrepreneurial and self reliant cultural sector. However the speed of transition will inevitably cause some very successful organisations to disappear. Much of the cultural Third Sector failed to engage in the capacity building initiatives, such as Future Builders and Change Up, which helped to equip welfare and environmental organisations to respond to the new policy environment. Investment may therefore be needed to equip the sector to respond to the challenge of attracting earned income, philanthropic support, and private sponsorship.

4 What Arts organisations can do to work more closely together in order to reduce duplication of effort and make economies of scale?

4.1 Significant opportunities exist to promote new ways of working which will yield economies:

4.1.1 Rationalisation of Provision – Significant evidence has emerged that, in spatial planning terms, fewer but better venues, museums and libraries would enhance service to residents. Several facilities have over lapping catchments and are underutilised or are not fit for purpose. Savings in the medium term could also be achieved by co-locating existing provision with schools or other public services.
4.1.2 **Sharing of Support Services** – Where several venues are located in the same town, or city, opportunities exist to share backroom services, e.g. Box Office, Financial Management, Human Resources, and Recruitment. Opportunities may also exist to develop joint management and governance arrangements for networks of facilities. For example in Basingstoke the Trusts managing the Anvil and Haymarket Theatre have merged. Discussions are taking place in Portsmouth regarding the development of closer working relationships between the New Theatre Royal, The Kings Theatre, and the Guildhall.

4.1.3 **The Development of a collaborative rather than competitive culture** – Cultural organisations and Cultural Service Departments can achieve considerable savings by looking for opportunities to collaborate rather than compete. Portsmouth, Southampton, Hampshire, and Winchester, are currently discussing the benefits of working together on museum service development. Collaborative working across arts venues could lead to greater diversity of offer and less duplication of programme. A collective approach by several organisations, working in partnership, is also more likely to attract lottery, philanthropic, or private support, than individual fragmented organisations.

5 **What level of public subsidy for the arts and heritage is necessary and sustainable?**

5.1 Local Authorities increasingly view arts funding as an investment which helps them to achieve community strategy outcomes. In South Hampshire investment in Find Your Talent, and Creative Partnerships, has enriched the learning experiences of young people, increased life chances and reduced anti social behaviour. Investment in Libraries and Discovery Centres has increased broadband access. Mela’s, and festivals, have reinforced the sense that South Hampshire is made up of a network of strong, integrated, cohesive communities. Investment in the Cultural Sector has also helped reinforce a sense of place and identity. In the future Local Government will increasingly need evidence that investment in culture and heritage will deliver community strategy related outcomes, and this investment will be at least as cost effective as alternative approaches to delivering the same type of outcomes.

5.2 National funding of Culture and Heritage appears to be increasingly focused on culture for cultures sake. The funding of artists and regularly funded organisations is predominantly related to the quality of artistic output. National funding of museums is largely focused on organisations who are custodians of nationally important collections.

5.3 The growing tension between the objectives of local and national funders can force cultural organisations to make choices which jeopardise their business model. In an environment when total subsidy will inevitably have to be reduced this tug of war between funders is as dangerous as the reduction of funding itself. Funders therefore need to be given more flexibility in order to agree the best way, at a local level, of using the limited resources to deliver both local and national outcomes.

6 **Which current system and structure of funding distribution is the right one?**
6.1 Much of the national debate regarding funding for the arts appears to have been focused on national funding channels. Outside London, Local Government is the largest public sector investor in culture. This is very much the case in South Hampshire. However over recent years there has been a significant reduction in capacity within Local Authorities to work with arts organisations. Local Authority budgets are increasingly being pooled with those of other public agencies, in order to deliver community strategy outcomes, through arrangements such as Local Area Agreements, Multi Area Agreements and Total Place. The Coalition Government’s commitment to Localism suggests this trend may continue. It is therefore imperative that national funding for culture should be delegated to the local level and should be flexible in order to support the delivery of clear policy outcomes.

6.2 Without incentives from national funders it is likely that local politicians will see arts and culture as an area where they get a poor return for investment in terms of corporate priority outcomes. However if national bodies such as Arts Council England, and English Heritage, can help Local Authorities to achieve both policy outcomes and activate a multiplier of lottery, private sector, and philanthropic funding, the returns will be maximised.

7 What impact do recent changes to the distribution of lottery funding have on the arts and heritage organisations, and do the policy guidelines from the national Lottery Funding bodies need to be reviewed?

7.1 Over the 16 years since launch the lottery has changed the cultural landscape. PUSH welcomes proposals to restore lottery funding to the original good causes which included arts and heritage.

7.2 It would be helpful if lottery funding criteria reinforced the use of Arts and Culture to support local policy priorities. A new relationship between Lottery funders and Local Government may therefore be required. Lottery streams need to be developed which support the localism agenda, reinforcing legitimacy of local government to lead and coordinate investment at a local level so as to secure community strategy priorities. Lottery programmes of this sort would rely on local government to work strategically with stakeholders in order to broker and deliver projects which met both national and local policy outcomes.

7.3 Lottery funders might also encourage ‘Invest to Save’ approaches. Noting that the new ways of working, described in our response to question 2, which have the potential to yield significant savings but will only be adopted if funding is found to cover transition and set up costs.

7.4 Merit might also exist in establishing funding streams which build the capacity of not for profit cultural organisations. This will enable these organisations to respond to the opportunities arising from the Big Society agenda, and equip organisations to become more self sufficient and better able to attract private sponsorship and philanthropic funds.

7.5 Lottery funders might also consider the benefits of establishing loan, as well as grant, programmes. Many new capital programmes, or business transformation projects, are likely, if funded, to yield large savings which could be recycled within the sector. If investment occurred, grants would not be needed as the projects would, in the long term, have potential to be self financing. Trustees are however unable to take out commercial loans without facing unacceptable levels of personal risk. A lottery funded loan scheme could mean that a trustee would not have to
put their house at risk in order to deliver a worthwhile project. The funder would also have high level of control over the project while it was being delivered.

7.6 Since the early days of the lottery several lessons have been learnt. We would therefore not favour a return to a purely applicant led approach, as this would lead to over demand and wasted spend on failed applications.

8 The **Impact of recent changes to DCMS arms length bodies – in particular the abolition of the UK Film Council and The Museum Library and Archive Council.**

8.1 The MLA, Arts Council England, and English Heritage are members of the Living Place Partnership and contribute to the funding of the Quality Place work within South Hampshire.

8.2 Screen South, the regional Screen Agency, works closely with the South East Cultural Partnership. It also works with SEEDA and South East Media Network in supporting the development of creative industries within the region.

8.3 The reduction in regional capacity across the arms length organisations has made it far more difficult for local government to have a relationship with these bodies. The lack of a single point of contact, who can speak on behalf of the fragmented range of bodies, means that it is hard to secure buy-in and consensus on the way in which arts, culture, heritage and creative industry policy can be developed in a locality.

8.4 Scope exists at a local level for the sharing of expertise across the arms length organisations so that they can collectively develop a closer relationship with Local Government. The arms length bodies need to make more progress in delivering the partnership working, and resource sharing agenda, envisaged as an outcome of the DCMS review of regional cultural infrastructure in 2008.

9 **Can businesses and philanthropists play a long-term role in funding arts at a national level? What is the role of Government in encouraging private donations?**

9.1 The private sector and philanthropists have always played a significant role in funding and promoting the arts. However well known arts organisations and cultural institutions, with established brands often centred on London, are likely to represent the most attractive investment propositions to the private sector.

9.2 Significant risk exists that a focus on philanthropists, and private sponsorship, will tend to reinforce the existing bias towards major national companies thus further impoverishing arts and cultural development in the regions. Furthermore the focus of many private sector organisations on high art, and high profile artists, could make it harder to sustain arts organisations which are rooted in the community and working to enhance life chances.

9.3 It should be noted that many arts foundations, e.g. the Creative Foundation in Folkestone, or the Hamlyn Trust, have a successful record in promoting innovation, in terms of regeneration and cultural learning. They have therefore pioneered new approaches to cultural led regeneration, creative education, and the use of the arts to support health promotion. It is noted that this work is often most successful
when Trusts collaborate with universities to ensure credible evaluation and dissemination of findings.

9.4 Increased private sector sponsorship and engagement in the arts would undoubtedly be welcome. Organisations such as Arts & Business have historically played a very significant role in helping arts organisations develop relationships with the private sector and in attracting sponsorship. This work could be further extended and some catalytic funding may well be desirable.

September 2010
Written evidence submitted by Museum of South Somerset (arts 59)

Main points in the discussion are:

- The current system of funding for museums is not the correct one. How to distribute funding from DCMS for the Arts and Heritage, in particular museums. Paragraphs 10 – 16.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?

1. Anyone working in the heritage and arts sector would acknowledge that our sectors are not as imperative to public welfare as hospitals, waste collections etc. but the sector does make a difference to the enjoyment individuals receive in life. This is why the sector should still receive Government funding.

2. The museum I work in was founded on the idea that to celebrate victory in World War I, something should be built to the memory of the men lost in battle. Something that would inspire people, give them enjoyment and to sometimes challenge their perceptions of life and the answer was a museum.

3. We are only a small museum but just to give an example of the enjoyment received, I am quoting a recent letter from a child:

‘Dear owner, me, my friend Louise and Char. We really enjoyed it here and it is amazing. Please tell the manager. We wrote this about your museum. P.S. Love the clothes. IT IS BRILLIANT.’

4. Museums engage with all ages and levels of societies, at a time when social mobility is important. It is good to remember that museums appeal to; and are for everyone and not just an elite section of society.

5. Hub museums will find it difficult to operate as they are at present; following cuts in funding for museums. However, Community Museums (the smaller market town museums) will probably not see a significant change in their day-to-day running. Community Museums are used to running on low budgets already and accept that they do not receive the same proportionate funding that is awarded to Hub Museums. Receiving funding via a hub museum is a bonus for any Community Museum, it is not expected.

6. It will be a challenge for the hub museums to become more commercial, sustainable and self-supporting rather than self-indulgent. An example of a commercially successful exhibition is the Banksy exhibition at the Bristol Museum and Art Gallery. Exhibitions need to be of a subject that the public wish to view, not of a Victorian Gentleman’s personal collection of items. I doubt that the public would queue for 5 hours plus to see a Victorian Gentleman’s personal collection as they did to view Banksy’s exhibition.

7. Museums are imperative to Tourism and also the health and well-being of the general public. Museums showcase history and culture to international and domestic

1 Letter held at Museum of South Somerset
visitors, in 2009, tourism was worth £115.4 billion\textsuperscript{2} to the UK economy and museums played an important part in attracting visitors. History gives a person an identity as shown in the BBC television programme \textit{Who Do You Think You Are?} For a country where personal identity has been culturally important since the 12\textsuperscript{th} century, hundreds of years before other European countries, to remove access to history is to remove access to personal and cultural identity.

**What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?**

8. Arts organisations need to cut bureaucracy and red tape and focus on being accessible to the general public. Resources and information should be shared, as it is possible that certain jobs are being duplicated within several different organisations. Partnership working is the key.

**What level of public subsidy for the arts and heritage is necessary and sustainable?**

9. The level of public subsidy for the arts and heritage which is necessary and sustainable is one which keeps the present facilities at least open, if not operating 24 hours a day, 7 days a week. Museums, if they have to, can run on very little, with the resources they have. The question would be how to obtain funding to purchase important historical donations.

**Whether the current system, and structure, of funding distribution is the right one?**

10. The current structure of funding distribution for museums is not the right one. A system is needed to ensure fair distribution of what funding will be available in the future, at a faster speed. At the moment, Renaissance South West, a partnership of 5 museums, distributes the programme of investment. In the South West, a largely rural area, the 5 museums are all in urban areas - Bristol, Bournemouth, Exeter, Plymouth and Truro - note none in Somerset. As a consequence the majority of the funding received is concentrated on these 5 museums.

11. In the Renaissance South West Business Plan for 2009-2011, the Royal Cornwall Museum received £1,063,000 in specific funding whereas the Bristol Museums received £1,946,000. A disproportionate figure when you consider the populations of Cornwall and Bristol. A case could be argued that Somerset and Cornwall have compatible rural and urban areas and also populations, so why wasn’t the County Museum in Taunton awarded hub status and a budget of £1,000,000+.

12. I have used these figures to point out an example of disproportionate funding in the current system. Another example of problems with the current system is the time limit you have to wait until you hear whether you have been awarded funding. Do the hub museums wait until perhaps a more ‘local to them’ project applies for funding? The successful Heritage Road Show (1000+ visitors in 2008, 2500+ visitors in 2009, 0 visitors in 2010 as no access to funding\textsuperscript{3}) in Somerset has had problems with obtaining funding, it is either awarded very late and it is a rush to organise the event or awarded too late and the event has had to be cancelled. The way forward is to focus on how to

\textsuperscript{2} Report by The Museums Association entitled \textit{Tourists….Love Museums}

\textsuperscript{3} Visitor figures received from Somerset County Council Museum and Library Service
better distribute these funds appropriately and to keep the momentum of events like this going.

13. The best way to distribute funding is not to make the Museums responsible for the distribution of funds but the Government Department -DCMS and making individual posts accountable for the distribution. The Museum Development Officer network is the best way to distribute funds in the regions. All counties within the jurisdiction of Renaissance South West have at least one Museum Development Officer. With funding becoming ever more increasingly limited, the Museum Development Officer is a post, which should know which museums will do the most with funding awarded, who needs it the most and who will make the best use of it. A case of best practice and good value.

14. The Museum Development Officer could be made directly responsible to the DCMS for funds. The DCMS should not be wary of making one individual accountable for funds distribution within a county, the Museum Development Officer will also become accountable to the Hub Museums and the Community Museums, who will find it easier to find out where funding has been apportioned than it is at the moment. It would also be feasible to have a post, which oversees the Museum Development Officers in a region, perhaps the Museum Development Manager for the South West. This would be another check for accountability for funds.

15. Since the appointment of an MDO for Somerset, £94,565\(^4\) worth of funding has been obtained for museum projects including £1,500 for Crewkerne Museum to create loan boxes, activities and resources around the local weaving and webbing industries.

16. I understand that Renaissance South West had an underspend of £4m in 2009/2010. I’m afraid that I have no evidence of this, just hearsay but if it is correct, this demonstrates that the funding is not being distributed adequately.

\[\text{The impact of recent changes to DCMS arm's-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council?}\]

17. The Museums, Libraries and Archives Council was important in recognising and implementing national standards for museums. It is important that this role continues in a certain form. Museums are still suffering from the time, previously to the MLA, where paperwork was not completed, items went missing in museum’s stores and curators treated collections as their personal property and many limited public access to the collection. To have an important historical object, for example a Neolithic stone arrowhead, and to have no context or information on this object because the person who knew all about it had the information in their head and is now dead is extremely frustrating. This has happened too often even in a small museum like the Museum of South Somerset and is not a system that museums should be allowed to be returned to.

\[\text{Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?}\]

18. Most certainly businesses and philanthropists can play a long-term role in funding arts at a national and local level. The most important and interesting historical items in our museum’s collection have come from ‘local families’. Families who have lived in the large houses in South Somerset and who have wished to do something for

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\(^4\) Funding report by Natalie Watson, MDO for Somerset.
their community and to be remembered for their generosity. The idea that the Government should be responsible for heritage and arts is one that needs to be changed. We are all responsible and in giving time, an object or money to an organisation is to be encouraged.

**Whether there need to be more Government incentives to encourage private donations?**

19. Definitely. Perhaps tax relief or even an Honours system acknowledging the contribution a private individual has made to the country’s heritage could be incentives. The enjoyment that a member of the general public can obtain from seeing an amazing painting or an historical object cannot be measured. If the donor could sometimes be made aware of this enjoyment and how important it is culturally and personally to an individual, it would make more people wish to come forward. Museums are very good at receiving objects for donations and cataloguing them and then hiding them away in a museum store. We store this information for everyone, it should be accessible to everyone and it should be made public as to how important this is.

*September 2010*
Written evidence submitted by Luton Culture (arts 60)

Summary

- The impact in the most negative scenario could be significantly reduced services and potentially large numbers of redundancies.
- However, if they are targeted strategically and gradually, reductions could have positive implications in encouraging arts and heritage organisations to come together in more collaborative, creative and efficient ways.
- Careful consideration needs to be taken of how the responsibilities of MLA are picked up in order to ensure resources are targeted effectively at frontline delivery.
- The new Renaissance model must not waste the learning and positive developments that have been successful over the last seven years and must not sweep away positive hub partnerships where they have transformed their areas. These partnerships could take on some of the MLA responsibilities – indeed some of the hubs have already been doing this since the MLA restructure a few years ago.

1. What impact will recent, and future, spending cuts from central and local Government have on the arts and heritage at a national and local level

For ourselves, as for many other cultural organisations, spending cuts will affect us at a range of levels, both via grant cuts from the local authority and funding from national bodies such as MLA and the Arts Council. The impact in the most negative scenario could be significantly reduced services and potentially large numbers of redundancies. However, if they are targeted strategically and gradually, reductions could have positive implications in encouraging arts and heritage organisations to come together in more collaborative, creative and efficient ways which could save significant amounts of money over the long term while sustaining – and possibly even improving – our outcomes for the public. That opportunity will be wasted if dramatic cuts are made over a very short period of time. If the reductions in spending come in one blow and are not phased over a sensible longer term, my fear is that many will be back to running on a skeleton staff that just manages to keep the doors open.

Cultural organisations have been relatively well funded for the past decade and this has allowed much of the sector to develop work in areas to support national and local priorities such as community cohesion, health, learning, economic development etc. Many arts and heritage organisations are already exploring how to use what they have learned over the last years to change their business models to sustain themselves in different ways through commissioning, new collaborations and partnerships, co-location of services and so on. Unfortunately, although many cultural organisations are ready to take up this challenge, often commissioning is not sufficiently developed at a local level and so those opportunities are simply not yet there to be exploited.

In terms of the impact on ourselves specifically, Luton Culture is a relatively new charity (less than three years old) and currently relies on our local authority grant for 72% of our £6m budget and other public funding (MLA / Arts Council) for another 12%. Our vision when the charity was formed was to move to a 50% local authority / 50% other funding model over a ten year period. Clearly the timing of the cuts is not good for us as we have not yet reached that level of independence – and as a charity that runs mainly free services (libraries, museums and our outreach activity) building up self sustained income through secondary spend etc cannot happen overnight – particularly when the individuals are generally cutting back on their spending.
Renaissance in the Regions has transformed the museums sector over the last seven years and we await news of what the new model will look like, what the level of funding is likely to be and over what period of time the transition to the new model will take place. The hub partners in the East of England are clear that the hub structure has worked extremely effectively in the region. There are certainly areas for improvement but the most effective way to herald the next phase of Renaissance will be to build on what works already. The East of England hub picked up many of the responsibilities of MLA when it was streamlined a few years ago which significantly lessened the impact of the cuts on the museums sector. With MLA due to close in 2012 the hub would be in a positive place to take that further at a much-reduced cost (see Q7).

2. **What can arts organisations do to work more closely together in order to reduce duplication of effort and to make economies of scale**

Cultural and arts organisations need to be working more closely together and to consider mergers and different models of working to meet the current challenges. They need to be open to see the opportunities to make economies of scale to become more efficient. Unfortunately, political barriers and the bureaucracy of local authorities still hamper them from being bold and coming together to embrace Total Place solutions.

As referred to above, if reductions in spending are phased with incentives for organisations to come together either by merging or to run shared services, this could be a significant opportunity to improve the efficiency of the sector. In many areas, ours being one, there are relatively small local authorities each running their own libraries, arts and museums. Coming together under one sub regional agreement, charitable trust or social enterprise model would enable large savings while sustaining or even improving the offer to the public. But this is still a step too far for many authorities to countenance and our fear is that, if funding cuts are both deep and immediate, many cultural services and organisations will instead wither and die.

It may also be an opportunity for arts and heritage organisations to work across their sectors at a local level. At Luton Culture we’ve discovered tangible benefits in being a charity that runs libraries, arts and museums both in terms of efficiency of scale for the back office operations but also in sharing skills and resources which is supporting us to become more than the sum of our parts.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable**

On the one hand Luton Culture embraces the need for arts and heritage to be more independent, self-sustaining and imaginative in their work. This underpins our vision as a charity and was Luton Borough Council’s aim when we were set up in March 2008. However, and it is a large however, much of the work that is integral to supporting our communities through learning, positive activities and working with people to explore and instil a sense of place and identity is something that must remain a core free offer at the point of delivery. (Our trading activities support this core work but still to a very minimal degree.) Indeed, the core work of cultural organisations is even more critical in times of economic hardship so public investment in them has to continue if the arts and culture – and by that we include free access to books, computers, libraries and museums – are not to be denied to the less well off and cultural activity reverts to being the preserve of those who can comfortably afford it. However that does not mean that we conserve in aspic every cultural outpost and cultural organisations need to look
carefully and strategically at their operations in order to remodel them to meet the challenge.

4. **Whether the current system, and structure, of funding distribution is the right one**

The current system differs of course for individual organisations depending on their governance. It is clear that local authorities will be looking at fewer directly delivered services and those that remain in-house will most likely be the key statutory ones. However, whether it is directly or indirectly, via core grants or commissioned services, local authorities must continue to be key investors in the heritage and arts organisations who serve their populations. Better and clearer SLAs with cultural organisations to deliver their outcomes are critical – as are longer term funding agreements that allow for redress if the organisation is not performing but gives cultural organisations the stability of resource to plan and manage their priorities and resources effectively. Otherwise organisations spend a disproportionate amount of time chasing funding and their people on short term contracts are constantly on the look out for longer term roles that will give them better personal security. None of this serves the sector well and even more importantly does not help it to focus on the key outcomes that its communities and funders require.

5. **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations**

The additional funding for lottery distributors is very welcome. However, the funding is often for capital or smaller revenue programmes so cannot replace core funding. Moreover, most lottery grants require match funding, much of which comes from the public sector. There is already serious concern that good projects and programmes underway or in the pipeline are in jeopardy because of the loss of the match funding element and this issue needs to be addressed.

6. **Whether the policy guidelines for National Lottery funding need to be reviewed**

I don’t think that they need a huge overhaul. Bearing in mind my previous comment regarding the concern over match funding from public sources these guidelines could be reviewed. However, I think it is still critical that there is a match funding element from applicants to demonstrate their commitment to the programmes that they are being supported to deliver – and from local authorities where the project or programme enhances their locality and / or quality of life for residents.

7. **The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council**

The impact really depends on what organisation takes over MLA’s and the Film Council’s responsibilities and how they operate. As mentioned above, when MLA restructured and became more streamlined a few years ago, the impact on museums was minimised because the museums hubs took on much of the advice and support role that MLA had formerly given. With the museums hub structure also potentially ending this could be a significant gap. A clear plan must be made and communicated in good time to allow effective transition and it would be sensible to base this on those hubs
that have worked well under Renaissance with potentially the core museum model used in areas where it has not.

With regards to libraries, the Advisory Council on Libraries which advised the Secretary of State about library and information services has also been abolished leaving a further gap in advice and support for cultural provision.

8. **Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level**

The simple answer is yes but clearly philanthropic and corporate giving are not a panacea to replace public funding – certainly not in the short term. Philanthropy in the UK is underdeveloped compared to the US and will need sustained work to develop it over the medium to long term.

Moreover, cultural philanthropy in the UK is largely based around support for capital projects, when the most urgent need for cultural organisations is revenue funding. Encouraging existing philanthropists away from a desire to support very visible, high kudos projects is key if they are to support the long-term sustainability of the sector.

Substantial encouragement will also be required to increase the number of cultural philanthropists if philanthropy is to make any substantial impact at both a national and local level. Increasing the numbers of people who identify themselves as philanthropists could be achieved through a campaign highlighting that relatively modest single donations can make a considerable difference to small and medium sized cultural organisations. Also, encouraging the idea of local cultural philanthropists might be effective – and would closely align with Big Society principles. A successful business owner, for example, could have significant impact as a donor in a defined area and could therefore understand their own potential as a local philanthropist, whereas they might not be able to identify with the concept of a national / international philanthropist.

9. **Whether there need to be more Government incentives to encourage private donations**

This would be useful. A good model is the scheme run by Arts and Business during the late 1990s which provided match funding for projects which attracted sponsorship from businesses that were first-time sponsors of the arts. Greater promotion of Gift Aid (and all tax effective donation schemes) and legacy giving would also be valuable.

*September 2010*
Written evidence submitted by Craftspace (arts 61)

Deirdre Figueiredo MBE, FRSA, Director of Craftspace; an arts organisation and educational charity. Ms Figueiredo is also a steering group member of CraftNet the national crafts leadership network.

Summary

- The arts ecology is diverse reaching through a spectrum of economic, commercial, social and environmental activity. It interacts at once with the most deeply marginalized and the most aspirational, entrepreneurial and affluent in society, often enabling transformation from one to the other. The arts have achieved valuable outcomes for society at great at relatively little cost with every penny being stretched. A cut to the arts will have a disproportionate effect for a relatively tiny saving to the public purse.

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

   1.1 Investing in the core costs of arts organisations so that they exist enables them to go out and work in partnership to lever additional funds which are significantly more than the public investment. If the severity of spending cuts reduces this leverage capacity then the economy will feel the impact because far less will be spent on direct and ancillary services (for example transport, catering, artists fees, construction, materials, print etc). Local communities will see a significant reduction in the quality of the cultural offer.

   1.2 Whilst 10% cuts could be managed creatively by most in the arts, cuts of 25% or more will severely diminish the ability of many arts organisations to survive this difficult economic period. From a business point of view there is a point at which the operating models of many organisations will have to be radically reappraised. Organisations that provide creative activity to the most marginalised and excluded in society for free at the point of delivery will not be able to sustain that work because they will have to commercialise their activities in order to seek income from those who can afford it.

   1.3 Loss of infrastructure that has been strengthened over the last 10 years will be have a knock on effect on quality of life and local and regional economies. The arts are used to tackle social cohesion and other issues poor health and crime. Will we see an erosion of the gains made through arts intervention for example in youth offending?

   1.4 The subsidised arts afford a precious testing and training ground feeding people and ideas into the commercial sector where they then make huge impact on the economy. Sometimes it is just that all important space and time to think profoundly – JK Rowling received a grant from the Scottish Arts Council at a time when she was unwaged, suffering from depression, surviving through state benefits and a single parent. It enabled her to focus on writing. The benefits reaped are glaringly obvious not only in terms of the economy but in terms of the philanthropy she now shows to others.

   1.5 The cost of the Olympics has diverted lottery funding from the arts and so the next three years will continue to see a diminished pot from which to draw. Additional cuts from central government on top of this context plus the
downturn in the fortunes of businesses that might otherwise sponsor the arts will severely affect our ability to survive let alone thrive.

2. **What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;**
   
   2.1 We should proceed with some caution on this suggestion. It may be a false economy to think that by merging organisations there will somehow be a consequential saving in costs, particularly operational. Arts organisations are not ‘services’ that are replicated across the country. They emerge, develop and evolve for very particular and specific reasons and operate in necessarily different ways. Whilst ticketed venues can invest in shared box office systems, Visual Arts organisations and venues are largely unticketed and often have a very specific offer.

   2.2 Organisations could perhaps work together more to share investment in development marketing tools for digital platforms to increase market share and widen their reach. They could also jointly commission research so that there is no duplication in these costs. They could also jointly invest in social impact studies which provide data that can be shared instead of individually commissioning.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable;**
   
   3.1 Currently it costs 17p a week per person - less than half the price of a pint of milk to fund the arts at a level sufficient to maintain the infrastructure. For every £1 that is invested, an additional £2 is generated from private and commercial sources, totalling £3 income. At a local level this investment can lever five times its worth. Local authorities buy into arts that Arts Council England invests therefore there is an important synergy in funding. The increases in VAT and the cost of new legislative requirements will also affect arts organisations in the same way as the private sector and so financial resources will be stretched in the next few years. Some growth in investment in line with inflation and increases in the cost of living would therefore be preferable if the arts is to thrive and not just survive.

4. **Whether the current system, and structure, of funding distribution is the right one;**
   
   4.1 The Arts Council has recently undertaken a review and consultation about better ways to distribute its funds in more flexible ways. The sector has responded constructively so that a range of agreements can be drawn up. Current systems are rather rigid and can lead to a static portfolio based on a 60 year old system of rather traditionally modeled arts businesses. New funding systems should take into account emerging and entrepreneurial business models and ways of producing the arts. Emergent arts are often championed by one individual who is a catalyst for innovation. Perhaps we should also invest in regularly funded individuals who don’t have the same baggage as organisations with buildings and bureaucracy.
4.2 Funding should come centrally through an Arts Council who can have an overview and invest strategically but structurally it should have people working at grass roots to understand the local contexts, spot gaps in provision, spot talent that needs developing and experience the arts they invest in.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1 The changes will be phased in over time and won't begin to come into effect until after the Olympics. Any increase in Lottery funding will therefore not mitigate the impact of grant-in-aid cuts in these next two years. Lottery funding requires additionality and does not fund core or regular programmes therefore it is an enhancement for use by first time entrants and for doing extra work and not a substitute for government funding.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1 If the principle of ‘additionality’ were reviewed then lottery funds could potentially be more flexibly applied.

7. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

7.1 Yes they could play a long-term role but their own cycles of stability cannot be guaranteed and therefore to be disproportionately or wholly reliant on their contribution and finance would be fool hardy and risk de-stabilising the whole infrastructure.

7.2 Innovation and stimulus for profound thought and change comes out of risk taking where failure is about learning what does work and what doesn’t. Businesses and philanthropists may not want to invest in risky arts practice so perhaps public subsidy is best directed at the riskiest arts practices in order to protect freedom of speech and ensure progressive arts.

7.3 Some artists and arts organisations produce very experimental or niche programmes of work that perhaps don’t appeal to business in the same way as The Royal Shakespeare Company or the big Symphony Orchestras so would be disadvantaged.

7.4 It takes a lot of time, human resource and specialist skills to pitch to businesses and negotiate the differences in culture and language. Small arts organisations don’t have this capacity because they are busy producing the artwork. Smaller organisations won’t be able to compete on a level playing field because bigger organisations staff dedicated to fundraising and sponsorship.
7.5 If there was a national pot into which businesses and philanthropists could make a contribution and organisations could bid into then this might be a fairer way of distributing the funds. Causes less favoured by businesses could then benefit. The percent for art type of scheme is a good example of bringing investment into the arts from business.

7.6 Public subsidy is given on the condition that principles of equality and diversity are observed and actively practiced and there is prioritization for certain groups in society who haven’t benefited. My experience of visiting galleries supported wholly through philanthropy in the USA was that they had no concern whatsoever for equality or diversity. They were in it for the prestige and so the organisations had no remit or need for increasing or widening access. They were exclusive rather than inclusive.

7.7 My experience of visiting the USA was that businesses and philanthropists appeared to concentrate their support mostly in the big cities. As a consequence outlying places have little or no provision or at best very ‘safe’ or popular arts practice which was unprogressive.

7.8 Businesses usually want to invest in successful companies with a proven track record and who are endorsed through public funding. The two types of funding work together and that is the strength of the current system.

8. Whether there need to be more Government incentives to encourage private donations

8.1 More structural and tax incentives would be very welcome. Also where business/donors can provide physical space to artists or arts organisations to operate from that can also be incentivised. Mixed use spaces in which a world of interacting ecologies can be encouraged and facilitated would lead to a better mutual benefit, connectivity and a more sustainable environment for all.

*September 2010*
Summary

- Exeter City Council believes that cultural services play an important part in shaping the identity and role of the city.
- Cuts to local government services, possibly branded as reductions in local bureaucracy, will reduce real services promoting grass roots participation.
- Strategic organisations such as Primary Care Trusts and Children’s Trusts should play an active role in commissioning physical activity and education services from local authority specialists.
- Lack of trust in local authorities on the part of national funding bodies has led to a deadening of innovation and initiative, substantial extra costs to micro-manage projects at each respective hierarchical level, and a loss of value from potentially good ideas.

Strategic

1. Exeter City Council has been for a long time a supporter of the arts and heritage, both in a direct form, through the provision of services, and indirectly through the financial support of key cultural institutions in the city. The City Council believes that such support is an important part of making the city a pleasant and desirable place to live and work. Both forms of support benefit a much wider catchment than the residents of the city, but that is seen as an important element of what being a city, with a hinterland, means.

The Importance of Grass Roots Cultural Services

2. There has been a great deal of concern nationally at the proposed cuts in cultural funding at national level. It is important to note however that a substantial proportion of funding to the arts, the heritage and to physical activity and sport comes not from DCMS and the national agencies but from councils of every type; cuts to local government in the future, which may be branded as being cuts to bureaucracy, red tape and non-essential administration, will actually result in a severe diminution of the ability of both councils and their local voluntary sector to provide real practical support for those grass roots. It is at the grass roots where the real contributions of the cultural sector to health, to education, to social cohesion and the general quality of life are made, and by and large only councils and the voluntary sector (itself receiving funding from councils very often) are doing that work. Moreover most councils support culture and sport not mainly for their own sake, but for the positive impact participation has on the individual and the community, especially in respect to young people. It will be increasingly important therefore that as we go into a period of stringency, that the agencies responsible for health, education, and the other social priorities work with local government in a way they have failed to do hitherto, through commissioning and partnership to reach outcomes which both sides value.

3. A little money goes a long way at local level. To quote an Exeter example, the City Council is at the moment considering whether it should cut the entirety of two of its leisure-related services. These are generally considered to be of excellent quality, they are almost the only services of their kind left in Devon already and they reach thousands of young people every year, many of them on a regular basis. Removing these services altogether will save only £180,000, and yet the position is such that even a sum this small may well be required for the City Council to balance the books. The work these teams are doing however, at minimal cost, feeds directly into the desired outcomes of the Primary Care Trust and the Children’s Trust, who make little or no contribution. A small change in the attitude of these very large bodies will easily save the important work which local councils are doing in the fields of health and education.

4. If this type of locally based service which meets local needs disappears during the next two years, its loss will be obscured on the one hand by the attention generated by high profile national cuts to
cultural services and on the other by universal cuts to all local services. The result however will be
national in scale.

**Trust, Innovation and Efficiency**

4. Exeter has in the past been lucky enough to be the recipient of a great deal of capital grant and
project funding from many sources, from very large Heritage Lottery grants to a wide range of
revenue funding streams. All funders naturally have their own requirements in respect of detailed
applications, planning the work, reporting on outcomes and demonstrating accountability. However
we have noticed an accelerating tendency in recent years towards more detailed conditions,
procedures and reporting. It has almost become a joke that the lottery distributors, each time they
publish a new three or four year strategy, comment on the need to simplify applications and make
access to lottery funds easier. Nevertheless each newly simplified application form becomes
gradually more onerous, usually requiring applicant organisations to commit more of their own
funding and time, before being certain of any support from the distributor. However it seems that
once a lottery distributor has made a grant, it is more likely to monitor lightly and check key
performance indicators only – trusting the recipient to deliver.

5. Such trust is less and less the case with treasury funding channelled through the non-departmental
public bodies however. Renaissance in the Regions for example, at the beginning a shining example
of how a national money could be used at local and regional level, has become more and more
restricted by the need to plan projects, and then report quarterly in minute detail, to a series of
regulations and rules of procedure which change frequently and at short notice. Needless to say this
strangles innovation, destroys trust and sucks value out of genuinely groundbreaking projects.
Museums in the South West hub have to employ staff, at Renaissance cost, and therefore reducing
what is available to improve the service, just to compile figures and report to the hub, which reports
to MLA, which no doubt reports to DCMS. This stranglehold on initiative has become increasingly
tighter, leading some smaller museum services to wonder whether being part of the scheme is
actually beneficial at all. Exeter’s museum service Renaissance operation was recently audited three
times within a two month period – once by its own internal audit, once by an MLA team and once
by another team which was actually auditing MLA’s performance through Renaissance.

6. It is notable in all such cases that the museum’s own, probably local authority, budget is larger than
the Renaissance contribution, and yet the burdens of accounting for Renaissance income far
outweigh those of the normal operation. We must question whether the auditing and monitoring
requirement isn’t costing a good deal more than can possibly be saved by trying to squeeze out all
risk. The costs of damping down ingenuity and initiative under oppressive bureaucratic systems can
never be truly assessed, but the actual cost of staff needed to do the counting, calculating,
controlling and quantifying can, and must now add up to a substantial proportion of the budget.

7. We would not argue that all controls should be abolished. There is clear need to account for public
money; but most of the bodies handling these national funding streams are themselves public
bodies, with rigorous accounting and auditing teams. It makes no sense to duplicate them.
Likewise outcomes must be monitored, but the risk averse, anti-intuitive systems which have been
imposed on what are essentially creative schemes of work do little good, and a great deal of
damage. In a climate where such funding will be rare and much prized, it would add great value if
funding bodies trust their partners a little more, and learn to rely on their instinct for what works
locally and how a service should be delivered.

*September 2010*
Written evidence submitted by the Royal Albert Memorial Museum & Art Gallery (RAMM) (arts 63)

Summary:
The impact of central Government cuts combined with those of local government threatens long term and lasting damage to a cultural heritage that is central to Britain’s national identity. Cuts made in response to the current crisis will have long term consequences for museums and more widely an arts and heritage sector which is the basis of the UK’s creative and knowledge based economies. Cuts made now risk destroying a delicate funding ecology and undermining achievements made by the museums sector over the last decade. Whilst recognising the need for financial stringency, wholesale changes could result in unintended long term effects and severely restrict Government’s strategic reach across the sector. Through partnerships with museums and other cultural organisations, Government funding can have disproportionately large economic and social impact, directly benefiting the quality of ordinary people’s lives and in difficult times acting as a key contributor to community resilience.

Headlines in this submission are:
1. The distributed nature of our national heritage
2. National and local government partnerships: shared responsibility for a shared heritage
3. Fostering regional relationships
4. Making strategy real: maintaining Governments ability to influence the sector
5. Investment in culture delivers high impact ‘returns’
6. A reality check on philanthropy

1. A distributed national heritage

The 2001 Renaissance in the Regions report set out a powerful new vision for England’s Museums and embodied important principles which remain critical to the discussion of future structures and funding. These were that:

- a programme should have national ‘reach’
- it recognised that local authorities alone should not be solely responsible for cultural assets that were part of a shared collective heritage or distributed national collection. Government too, would have a legitimate responsibility in supporting these collections to deliver the widest public benefit.
- larger regional museums with nationally important collections (and their ‘parent’ local authorities) were providing to audiences well beyond their Council Tax funding base
- the huge potential for museums and their collections to contribute to many areas of public life: education, learning, social inclusion, community identity, creativity, economic development.

2. Shared responsibility for a shared heritage

The Royal Albert Memorial Museum & Art Gallery was a classic example of the type of institution defined in the Renaissance report as a hub museum. Effectively operating as the County Museum, RAMM was entirely funded by Exeter City Council, a district council with a Council Tax base of 120,000. Museum visitor numbers were 250,000 per annum in 2006 (just before its
closure for redevelopment) and audience analysis showed that they came from right across the region and well beyond. Through its museum, the district council had and has responsibility for cultural assets of national significance and a service of events and activities enjoyed by audiences well beyond Exeter. Though Devon residents look to RAMM as the most significant museum in the region, its hosting at district level was effectively an ‘accident of fate’. The county authority itself runs no museums and in this area of cultural delivery receives significant support from RAMM. The inequality of this situation was addressed by the Renaissance programme which acknowledged for the first time that patterns of cultural provision and consumption did not necessarily match government administrative boundaries.

3. **Fostering regional relationships**

With Renaissance funding behind it, RAMM was able to build its staffing capacity to support its county role. For example as a district council service, educational activities had been minimal but with Renaissance funding the museum has secured a Sandford Award for Heritage Education, a Learning Outside The Classroom Quality Badge and has been twice shortlisted twice for the Guardian’s Family Friendly Prize. Audiences have grown: there has been a 31% increase in numbers since the start of Renaissance and the Museum has developed strong relationships with the sub regional sector, with formal agreements in place with two neighbouring local authorities to provide pastoral care of community and voluntary run museum in their area.

4. **Making strategy real: maintaining Government’s ability to influence the sector**

The sub regional relationships established through Renaissance created a network that linked the sector in England. This has been particularly important during a period that has seen an increasing centralisation of the Museums, Libraries and Archives Council and the bodies that preceded it. With the loss of the MLA, and most probably the hub network, fragmentation of the sector is a real risk and the ability of Government to translate cultural strategy into delivery at a grass roots level will be severely curtailed. This loss of ‘reach’ is a real concern when museums are so often a focus of community identity, the shared values and sense of society that is central to Government policy.

This is a particularly pertinent issue in rural areas where limited access to cultural services gives museums like RAMM a much higher profile and local significance than might be expected in urban areas offering more cultural choices. Proposals which see the loss of a national network risks creating a few cultural ‘hot spots’ across England and many cool spots where the public access to equivalent services will be hugely diminished. With the hot spots located in the ‘usual places’ many people will be culturally disenfranchised by the loss of locally accessible provision.

5. **Investment in culture deliveries high impact returns**

Renaissance has been enormously successful, touching the lives of countless people, transforming their perception of and engagement with museums. A new generation of visitors has begun to understand the power of collections to spark thought; inspire creativity, create shared experiences and a sense of belonging. Important at the best of times, their significance is magnified when
communities are facing huge challenges as a result of a difficult economic climate. Museums have a huge amount to contribute to ‘community resilience’ at a time when everyone’s horizons and choices seem narrowed by organisations’ and personal exigencies.

Through Renaissance museums have demonstrated that investment delivers big impacts and as such represents very good value for money. Visitor numbers at this museum are up 31% since the start of Renaissance; 98,000 children have attended schools workshops, 35,000 families have enjoyed museum family resources. A key statistic shows that 53% of visiting family groups with school children were visiting RAMM because the children wanted to come back following their school trip (compared with 41% nationally). We are particularly proud of this figure because it represents the positive participation of a generation of young people in the cultural life of their community.

It is ironic that at the very moment public expectations have been raised, museums’ ability to meet these needs could be severely restricted. Through Renaissance RAMM has secured a whole series of awards relating to customer service; volunteering; education, and community engagement. The Museum has attracted significant external investment, embraced digital media and delivered innovative audience development initiatives. This public facing work is highly valued by users but with Renaissance and local authority budgets under threat there is a serious risk to all that has been achieved over the past eight years. Savings made in Government funding to arts and heritage will have a disproportionately large impact on quality of life for ordinary people and ordinary communities.

6. A reality check on philanthropy

Whilst understanding the value and entirely supportive of a mixed funding ecology, we believe from our regional perspective, that Government hopes for increased benefactor/philanthropist involvement in the arts and heritage is misplaced. In our predominantly rural region, sponsorship and endowments have always been illusive and in the present economic circumstances this is likely to become more difficult, not less. A whiff of desperation, questions around future sustainability and the promise of backfilling core posts fail (understandably) to attract external funders. It is for this reason that for many years some charitable grant giving trusts and foundations have been reluctant to receive applications from local authorities. They do not want to subsidise public services. Instead philanthropist’s interests tend to be around the more visible and exciting deliverables, the very things which could well be in short supply in the future.

The situation may well be different in metropolitan areas but for the regions especially rural areas such as our own, the recession has meant individual and corporate giving is scarce. Exeter’s business community is dominated by the services and government sectors both of which have been hit hard by the recession. Sadly reductions in local authority and central government budgets are unlikely to be mitigated by philanthropy. Perhaps this is an argument for special and differentiated support to hard pressed rural regions?

Museums recognise their need to become more entrepreneurial and to identify alternative income streams but to do this they need stable, not project or initiative based
core funding for their essential services. It is on these services that other activities whether publicly or privately funded rest. However the depth of proposed cuts is putting these core activities at risk. This is not a matter of selling the family silver; it involves losing the table on which it sits. With philanthropists and sponsors wary of funding core costs, museums have little alternative but to look to the public purse and a shared government responsibility for a shared national heritage.

Losing the principle of shared responsibility for a nationally distributed heritage, combined with simultaneous central and local government cuts to arts and heritage provision, risks creating long term and lasting damage to a cultural life that is part of Britain’s national identity. For this reason we welcome the opportunity to make this submission to the Committee.

*September 20 10*
Written evidence submitted by Prescap (arts 64)

Introduction

I am writing to you as the Chief Executive of Prescap which is a community and participatory arts organisation based in Preston, a member of The Guild Take Off Committee, Preston Arts Sub Group and Cultural Forum, Consortium of Participatory Arts Learning (C-PAL, a regional wide consortium) and Third Sector Lancashire (TSL)(a consortium of Voluntary Charity and Faith Sector, VCFS, organisations in Lancashire), heading their Arts and Cultural Network Group; and also as a resident of Britain.

I have put this short report together about the impact the Arts and Culture has on our society. And what effect the proposed cuts to funding will have on the sector. I work with many other organisations as you can see, and have wanted to represent the diverse activities and practice those organisations represent. However I will be talking from the point of view of my organisation and the consortia we are part of, which is mainly around community and participatory arts.

This report will cover, in a very rudimentary way so as to give you the best idea of the range of work we are involved in without being long winded;

• What the arts does for us and our society
• How the arts effects communities and our society and what impact on that funding cuts may have
• How arts organisations work together, and other organisations
• What level of public subsidy is necessary and sustainable?
• The impact of changes to the distribution of National Lottery funding
• How the abolition of the UK Film Council and the Museums, Libraries and Archives Council is being perceived
• Can businesses and philanthropic organisations play a long-term role in funding arts?

The arts and cultural activities are often put forward for reduction when spending cuts are being proposed, and even in Preston City Council the budget for the Cultural Development Manager has already been withdrawn due to spending cuts. Currently the government is talking of 40% cuts, and the arts are often targeted as they seem to be an unnecessary expense.

However the actual spend overall on the arts is only slight and so the savings are minimal, 7p in every £100 of total public spending in the UK or as the Arts Council website puts it less than the price of a loaf per family a week. So this is a minimal saving, to a sector that was heavily hit by the funding changes to the lottery caused by the 2012 Olympics on the Arts Council of England, as well as other lottery funding that arts projects also accessed if they were educational or regenerated communities.

As part of the organisation, groups, consortia and networks named above I propose that saving this small amount of investment may be more expensive than realised.

What the arts does for us and our society
We are passionate about our country and society, Britain is fair, law abiding and creative. We may not think of Britain as artistic nation, like Italy or the Netherlands, but Britain does have a rich cultural heritage. And also that creative energy of Britain, shown in the popular music that has had a strangle hold on world music industry for example, has many other outlets. Britain led the world in industry and entrepreneurial activity, and even now has some of the best and most sought after designers, commercial minds and financial creative individuals.

We are passionate about arts and creative activity, working with artists and communities who have benefited from the arts. Creative work and projects has a unique quality of allowing people to discover skills, understanding and communal responsibility. It is relaxing and fun, which is an ideal way to allow people to explore difficult subjects and challenges, and also encourages learning and development of learning styles. Due to its fun and relaxed nature, social cohesion projects and regeneration projects often use arts projects to bring two different communities together to develop a unified approach to social development.

Arts and cultural activities engage wide sections of the community, bringing people together, learning new skills and some are re-engaging with society. Creative activities allow people to gain confidence in themselves, as they are engaging in relaxed and enjoyable processes, unthreatened and feeling safe. Creative activities stimulate the mind, and lead to new thinking and even productive behaviour, including in other areas not usually associated with the arts. This has been researched over some periods of time, and the following quotes are from papers and reports from researchers in the fields of psychology and social development;

‘intrinsic motivation […]which refers to…] creative activities that are enjoyable and rewarding in their own right’. (Beck 2004 pp194,para1)
Intrinsic motivation is associated with three psychological requirements:
1) Autonomy - the need to feel independent.
2) Competence - a person wants to feel that he or she is good at the activity in question.
3) Relatedness - the feeling of being connected with other people.
(Deci & Ryan, cited in Beck,2004,pp194,para2)

The need for independence and relatedness (that could be called inclusion) has been identified as an issue for people with learning disabilities in the Department of Health White Paper (2001):’Valuing People (a new strategy for learning disability for the 21st Century’), HMSO,London.UK. In art based workshops the promotion of independence and inclusion through achievement and competence is paramount. And these needs also apply to disengaged young people, ethnic communities who feel disempowered and most groups of disadvantaged communities.

Some of this doesn’t have an immediate or obvious financial impact but in these post unified religion days, can you think of any other social activity that can do that?

**How the arts effects communities and our society and what impact on that funding cuts may have**
The impact of spending cuts on the sector will be large. The funding Arts Council currently gives our organisation levers much more funding and other income as we can cover a large proportion of our core costs.

The arts provide jobs to several thousand people in Britain, from the staff at my organisation, other arts organisations, the museum and gallery, freelance artists, the University, project managers, technicians and support services such as printing and IT support. The cultural sector of Britain is growing as the country grows and this is no coincidence, and now we are proud there are many arts organisations in the UK.

These organisations also have opportunities for volunteers, for example our community radio station, Preston FM, has over a thousand volunteers trained to a recognised standard to deliver and produce radio programmes, of which currently 350 are doing.

Prescap was involved in social cohesion projects in areas of the North West like Preston, Knowsley, Burnley, Bolton and Blackpool, bringing communities together, allowing disadvantaged people a safe place to express and developing health awareness peer to peer material about subjects people find difficult to talk about. These projects alongside other initiatives other organisations all over the country have helped make those areas feel safer and some community members feel the sight of new community developed art has really contributed to that.

Through organisations mentioned above the small funding that the arts receives produces a financial return as well. This means money going into this economy, to people who live here in the UK and to support services and other organisations in the city.

But if there are cuts to local authorities, universities and other social budgets, the arts world will already be taking cuts as many artists have paid work in those sectors as well, for example Lime Arts in Greater Manchester does a lot of work with Primary Care Trust, for artists who have developed skills in that area how are they to be sustained? If there is continued arts funding this excellent and much needed work can continue, without it will stop.

**How arts organisations work together and other organisations**

Prescap is part of several networks, consortia and partnerships with other arts organisations. We work with these to develop other arts sector organisations, projects for communities and better quality of provision and standards of work in our sector. This has meant better understanding from other sectors of the way we work and our quality standards, for example what we expect from a lead artist, project manager and how we define best practice on a project.

We are also working closely with social enterprise organisations such as Progress Housing in Central Lancashire, Great Places Housing Group in Bolton, Business Venture in South Ribble, delivering projects or developing services for their clients.

As part of the TSL Consortium in Lancashire we work closely with other VCFS organisations to deliver projects that impact very positively on their service users. We are keen to develop further consortium and partnership working, and as an example we are working closely with Young Lancashire, who lead the Children and Young People Group of the TSL, and deliver services to Young People in rural areas of Lancashire.
What level of public subsidy is necessary and sustainable?

In order to encourage and build on the services and community provision available currently the level pre 2010 were already too small. Since lottery funding was reallocated to pay for the 2012 Olympics it has been harder to find public funding for decent and truly impactful community arts projects. So at very least the level we currently have, which is 0.07% of total public funding.

In terms of defining what is sustainable, we must think about changing our mindset. Is it sustainable to not fund community arts and cultural activity? The opportunities for all members of society with the arts is bountiful; family days out, family learning, diversionary activities for the disaffected, confidence building for socially awkward individuals, social cohesion, regeneration of neighbour hoods and employment and career opportunities for many people across Britain.

Also the inspiration to the future minds is encouraged by the arts. The Creative Partnerships programme and the Arts Award qualifications both were aimed at developing creative thinking while learning, to ask questions and find solutions. A project we led for Creative Partnerships for example, improved English language skills in a primary school serving a high percentage Asian community of Pennine Lancashire, and for many was a second language at this stage of their lives. This was done by writing a new school song, this was educational, aspirational, empowering and for some students a truly inspiring way of learning, as one student put it ‘finally I knew where to put the commas and capital letters’.

Creative thinking is where new ideas come from, and new ideas in industry, business and commerce create a strong economy.

We are aware that this current financial climate we are in is going to impact on other sectors, other VCFS organisations and other social activities, but all we ask is that the arts, which is only a small national cost, could stay at the level that it is now, as that is barely enough.

The impact of changes to the distribution of National Lottery funding

We think this is an area that may need some investigation, but as arts projects deliverers we are more interested in what the funding brings to the communities of Britain.

Provision of arts and cultural activities should not be thought of as luxury, unless we are at war! Even then the arts was appreciated and funded by the government, so really I see no reason why a government faced with a difficult period of social need and belt tightening doesn’t want to engage it’s population with engaging and fulfilling activities. Especially when these activities stimulate creativity, entrepreneurs and industry. Vibrant culture makes for a go to country – look at the impact Dali has on Barcelona, the Beatles on Liverpool, the art scene in 50’s New York, the film industry in Los Angeles and even the potteries of Cornwall. And London in the 60s was a massively popular place, and still fondly remembered as such, due to the highly creative and cultural scenes that were happening at that time in our capital.

If there was to be a review of Lottery guidelines, I would propose that maybe the larger established venues like the Royal Opera House should not be funded this way. It makes me uncomfortable to suggest that, as I think all art is important, however this form of art does seem remote to many people, and mainly appeals to those who probably can afford it.
The real need for arts is actually within the communities of people around Britain who cannot access culture easily, will be stimulated and inspired by the activities and who could not afford to take part on their own budget. This funding is after all paid for by everyone.

Cuts to lottery funding will mean that people without privileged backgrounds will not be able to make or access art.

**How the abolition of the UK Film Council and the Museums, Libraries and Archives Council is being perceived**

One of the problems with abolishing these bodies is that it sends out a very negative impression of what Britain aspires to. The abolition of the UK Film Council has been perceived by the American film industry with dismay, this body was seen as a positive way to develop and increase both UK’s own film industry and the global market for the UK in terms of locations, resources, people and talent.

Closer to home the Museums, Libraries and Archives are very important for allowing people to feel they have a connection to our shared heritage. People may not go to the museum or gallery every month, but the knowledge it is available is important, ‘8 out of 10 people feel it is very important that their local city or town has its own museum or art gallery’ (MORI). Our organisations works in schools and all of these resources are really important to young people, regardless of the impression one might get from the media and even young people themselves!

Also and this is really important, when we are talking about what the arts, culture and creative activity means for people and the impact it has on communities and society, in terms of aspiration, social development and the culture of Britain this kind of activity shows that our society is healthy. This kind of activity is getting nearer the level of self actualisation that on Mazlo’s hierarchy of need is the pinnacle of society. Our society is not one just surviving, our society is far safer and affluent than most of the rest of the worlds, and even historically. We are supported and able to develop and often many in our country are able to reflect on their personal worth, the arts is part of the development of self actualisation.

Our government cannot be suggesting that this country is in some way sliding backwards into that of a developing country under their guidance. Or should axe arts and culture in order to grow – the arts helps society grow, and people develop healthily in that society.

**Can businesses and philanthropic organisations play a long-term role in funding arts?**

There is an argument that philanthropy will be able to pick up the difference in funding that is cut, and in Preston there was certainly a proud record of that from the Victorian ages. But these are not similar times, and really philanthropists will only support projects that reflect well on them. If central government won’t support the arts, is it generating the confidence for the philanthropists to do so? And more importantly, philanthropists will mostly be interested in funding highly visible public art as apposed to a smaller photographic project with young mums, exploring their needs and views for other young mums, for example. Let them fund the Opera, the larger scale and controversial public artworks, if they wish, that will free up cash for communities that need it.

However a culture of philanthropy will need to be cultivated in order for that to take hold, and that takes time.
Having said that, we have demonstrated over this article ways that arts organisations are exploring new ways to find funding and income, in partnerships and sponsorship, to be able to deliver not just well funded but well needed projects.

The VCFS consortium in Lancashire, the Third Sector Lancashire, is keen to show it can deliver high quality services to communities, and the arts sector has over the last 15 years developed high levels of good practice, quality and innovative delivery that often leads the other sectors. Prescap’s own equal opportunities policy was ahead of its time in 1987, and banned smoking in its premises in 1998. This kind of innovative practice will of course come more naturally to creative people and organisations, and continues as we engage in partnership working with other stakeholders and consortia with other arts delivery agents, such as the Preston Arts Sub Group.

**Conclusion**

I believe that to not invest in the arts at the current level at least, shows a lack of commitment to our society and British way of life.

The Big Society agenda will actually need art organisations to help it work. As you have read they have already been working with other VCFS, Social Enterprise and Commercial organisations to deliver socially developing projects, work and examples.

To conclude I want to quote Antony Gormley, from artsindustry.co.uk;

> Arts funding is not about encouraging limp dependency but about allowing things that would not exist to come alive and in the process, make us more so. There is no sense in denying the vitality of the new, untried untested. This is where the future comes from. The economic argument simply does not wash: investment in art is paid for many times over. We are living in an unprecedented time of creative richness in the UK and this is the reason people want to come. Why destroy it?

*September 2010*
Written evidence submitted by Edward Schlesinger (arts 65)

Executive Summary & Introduction

I write as an individual, an independent filmmaker, who has lived and worked in both the United States and the United Kingdom. I am representative of filmmakers whose work is produced outside of mainstream broadcast and studio production systems. The work of the Arts Council England, the UK Film Council and Skillset have a direct impact upon my industry and changes to public subsidy may have the following effect:

- Funding cuts may reduce access to information on technological developments.
- Funding cuts may reduce the opportunity for professional growth and mentorship.
- Elimination of the UK Film Council may result in a higher barrier for UK filmmakers and producers for entry to the global film market.
- Cuts to funding may result in reduced access to filmmaking resources.
- Shifting from public to private funding of the arts will likely have a negative impact on the ability for organizations to consistently finance their operations and for the public to access the arts.

Factual Information

1) Cuts to arts organizations may result in a decreased access to high-grade information on technological developments in the film and television industry. Example: The British Society of Cinematographers, with funding by SkillSet and the UK Film Council, organized a conference for the purpose of a side-by-side evaluation of film and digital camera systems. The only other place in the world where a similar test has been organized to date is in Hollywood, California. This event was open to the public and attended by filmmakers, producers and imaging technicians. It served to keep the film industry up-to-date, cost-effective and competitive.

2) Cuts to funding may result in a reduction or lack of mentoring and growth opportunities for upcoming artists and filmmakers. Example: An event called “The Long and the Short of It”, part of the 24th BFI London Lesbian and Gay Film Festival, where a panel of established filmmakers, producers and film distributors took an afternoon to give guidance and speak in small groups with upcoming LGBT filmmakers. Events such as these help nurture and develop new talent, and keep existing talent in London and the United Kingdom.

3) Elimination of the UK Film Council may result in a more difficult path for filmmakers seeking to use the UK as a base from which to enter the global market. Example: At the 2010 Cannes Film Festival, the UK Film Council organized a pavilion at the festival that served to attract producers from foreign countries to shoot in the United Kingdom and to assist producers, writers and filmmakers from the UK who were bringing projects to Cannes. I prepared for the festival with information published on the UK Film Council’s website, I attended one of the many workshops at the pavilion designed to assist filmmakers at the market and used the pavilion as a resource for networking with other filmmakers from the UK and Europe. These resources help filmmakers from the UK operate more successfully at global markets such as Cannes.

4) Cuts to funding may result in reduced access to filmmaking resources. The United Kingdom has an amazing array of resources that has helped me as an artist and filmmaker.
Spending cuts will likely reduce these opportunities. Three examples: The Cultural Industries Development Agency, which has helped me with business advice and support, Space Studios, an organization that has provided low-cost access to workspace and filmmaking technology, and Own-It, an organization that has produced events I have attended to learn how to use and protect intellectual property. These are just a few of the outstanding organizations that make London a creative and intellectual hub and help the growth of myself and other filmmakers and artists.

5) Regarding the role of businesses and philanthropists playing a long-term role in funding the arts at a national and local level, I have lived and worked in the United States, where arts organizations derive a large degree of their funding from individuals and corporations. Because funding from the public and corporations is variable and inconsistent, arts organizations constantly struggle to keep their doors open. I have worked with arts organizations where, unfortunately, large amount of time and resources have to be spent raising the money from the public and from private foundations that let them keep their programs running. I have seen other organizations, the kind that currently provide services to artists here in London, forced to close due to lack of private funding. Another cost is that to the public: in the United States, the majority of museums and art exhibition centres depend on public and private funding and one way they raise money is by charging admission for entry. This has the effect of reducing the opportunity for the public to attend. One great thing about England's museums and art exhibition centres is that the majority of them do not charge for admission, one can go and spend time regardless of financial ability.

Recommendations for action

I urge the continuation of levels of public funding that keep London and the United Kingdom a global creative hub, accessible to artists and the public alike. Additionally, prior to a shift towards depending on business and philanthropic subsidy, I recommend further study of the effect private funding has had on the arts in the United States.

September 2010
The Farnham Theatre Association (FTA) is a small company limited by guarantee dedicated to restoring a theatre building to Farnham. The Association has strong public support for its campaign to enable theatre companies to stage live productions which are not possible elsewhere in the town and to provide educational opportunities for all.

FTA does not receive Arts Council funding but has received grants through the Surrey Communities Foundation to continue its campaign for a theatre building for the purposes mentioned above, which are listed in its constitution.

The FTA recognises that the main target for this Inquiry is the larger, widely based and nationally renowned arts organisations but would stress that the need for detailed consideration to be given to the needs of smaller locally based organisations. The FTA response is therefore limited to circumstances concerning our experience of regional theatre provision in the South of England. Some of the Inquiry issues are not applicable to us or require information outside our field of knowledge.

**Summary of Response**

- Arts Council of England (ACE) funding policy for theatre has resulted in the closure of some regional venues with considerable social loss and economic disadvantage to communities. The Theatres Trust ‘Theatre Buildings at Risk’ Register 2010 lists 43 theatres at risk.

- Central and Local Government funding for theatre needs to be invested in venues as well as theatre companies if it is to make the most effective contribution to stimulating the local economy as well as providing educational opportunities for the wider community.

- ACE policy for withdrawing funding from regional theatres and replacing this with support for small theatre companies touring rural communities has not addressed the difficulty of building stable and committed audiences for theatre or of satisfying the needs of the larger communities.

- Grants to new theatre buildings in the 1960s-70s should be legally recovered by ACE, according to the terms of these grants at the time, where such theatre buildings have been given a change of use or have been demolished. It appears that in most, if not all cases this condition has not been enforced by ACE. The effect of this has been to reduce available working capital to support new ventures and innovative and technologically advanced new theatre building projects.

- Businesses and organisations should be given more encouragement and incentives by the Government to invest in their local communities through sponsorship and donations to their local theatres. It should be recognised that the potential for support for local communities from businesses, organisations and benefactors is far less than in large urban communities.
FTA response to the issues raised by the inquiry into arts funding cuts: with reference to Questions 1, 4, 5, 6, 8 and 9

1. The impact of the cuts will differ according to the size of the organisation. There will be a proportionally greater impact on a small organisation which has less flexibility within its budget and less ability to attract alternative funding to offset funding losses. With the danger of a ‘double dip’ recession, in areas where there is already deprivation and less spending capacity, the effects will be deeply damaging.

2. Without the necessary overview it is not possible to make general comments as to whether the current system of funding, structure and distribution is the right one, but it is possible for FTA to indicate that in some instances funding is misdirected regarding policies for regional theatre.

3. Arts Council policy in reducing funding for regional buildings-based theatre and replacing this with support for small theatre companies touring village and town halls in rural communities has been largely effective. However, although this is a creditable objective for those rural communities, it does not address the difficulty of creating and maintaining committed audiences for theatre. Audiences are built over time and need consistency in regularity and quality of productions. This cannot be sustained by this touring model. By contrast, community theatres involve local support and have the ability to maintain loyal audiences.

4. The funding cuts to regional theatres in the South of England have already resulted in some theatre closures, with the loss of these valuable purpose-built venues to the communities who supported them. Audiences in towns which have lost their theatres are forced to travel greater distances to find the type of theatre which they have previously supported and of which they have been deprived. This not only removes an extremely valuable focal point and identity for communities but it does not contribute to the government’s avowed aim of having a low carbon economy.

5. Towns which have lost their theatres subsequently lose revenue from the spending in the surrounding streets by visitors to the theatre. Local authorities similarly lose revenue from car parks around theatres. Nationally, regional theatres contribute at least £1.1 Billion to the economy through additional visitor spend. [Shellard’s Economic impact study of UK theatre ACE 2004]. Theatres form a cultural and educational resource for a town which also stimulates trade for hotels, restaurants and shops in their neighbourhood.

6. Arts Council policies in the 1960s and 1970s [ACGB “Housing the Arts” 1959 and 1961] resulted in capital grants for theatre buildings and particularly for the building of new theatres. For example, The Redgrave Theatre, Farnham received a total of £60,000 in the years 1972 – 3 for its construction. A condition was imposed on ‘Housing the Arts’
grants which required the return of the grant should there be a change of use or demolition of the buildings. Waverley Borough Council has recently granted permissions for change of use and demolitions pertaining to the Redgrave Theatre for conversion to two restaurants as part of a commercial re-development scheme. The Arts Council has made no request for the return of the grants made to this building, even though there are no plans to replace the facility.

7. In these times of financial retrenchment, it behoves the Arts Council to exercise its legal rights to reclaim its capital grants to theatre buildings where change of use or demolition is proposed, particularly where considerable financial gains can be made by companies exploiting these sites. This would apply, for example, to The Mermaid Theatre which is scheduled to become a hotel. The lost capital investment by the Arts Council into such buildings should be reclaimed and restored to arts provision.

8. The National Lottery was intended to replace “The Housing the Arts” policy as a source of funding for capital theatre projects, but Lottery money has been diverted by the Government for other purposes over the last 15 years. Funding for the 2012 Olympic Games has taken priority over culture and it will soon be time to reverse this situation. Arts Lottery funding should now return to support local community theatres and the theatre companies which use them.

9. In the current economic climate, businesses and philanthropists should play a larger role in supporting theatres. The example of Shakespeare’s Globe Theatre in London is exemplary in this respect, but it attracts sponsorship because it is of international importance with considerable prestige for its donors and sponsors. It is far more difficult for theatres with lower profiles to attract this kind of money. The Committee needs to recognise that those businesses which have already opted to support the arts are doing so at the level that their shareholders can reasonably afford. Similarly, benefactors will have determined the level of support they are prepared to give, therefore, the Committee needs to question how realistic it is to believe that businesses and philanthropists will come forward with immediate offers of additional commitment and funding, particularly when the economic climate is difficult.

10. Government has a responsibility to local communities to encourage them to thrive economically, socially, creatively and educationally. Incentives for business and private donors to invest in regional theatres and the creative activities inside them should be encouraged to support their local communities.

September 2010
The Greenwich Foundation’s role and structure. The Greenwich Foundation for the Old Royal Naval College represents an interesting model for the development of different funding streams to address what had been an intractable heritage problem until the late 1990’s. Our short history suggests answers to some of the questions being asked of heritage bodies in receipt of public funding.

The Foundation was set up in 1997 as a charity independent of government, to take on the refurbishment and secure the future of the Old Royal Naval College (ORNC), one of the finest groups of English Baroque buildings and the core of the Maritime Greenwich World Heritage Site. The ORNC includes the site of Henry VIII’s favourite Palace, superseded by Wren’s Royal Hospital for Seamen c 1700, which survives remarkably intact and includes glorious interiors such as the Chapel and Painted Hall. It had been suggested in 1996 when the Navy decided to vacate the site that it should be sold to a private developer, and the Foundation was set up as an alternative solution to secure its future and realise the public benefit in a place so significant in our national history. The ORNC remains in public ownership, but is leased to the Foundation for 150 years.

The Foundation has over the last ten years restored the buildings to their former glory, and as landlord with overall responsibility for the fabric overseen their sympathetic conversion to a new campus for the University of Greenwich and Trinity College of Music. As well as rent from these and other smaller tenants, the Foundation has diversified its income streams to include catering, weddings and corporate event hire, film location hire, public events and even (earlier this year) a microbrewery, set up in 2010 by a local commercial brewery on the site of the historic Hospital Brewery.

Government funding. The net result of this activity is that dependence on government grant has fallen from 64% of our total income in 2000 to 34% in 2010 (out of total income of £4.3m). Over this period our grant had been frozen at £1.5m, although this has been reduced to £1.455m in the current year and we have been asked by the Department to illustrate the impact of further reductions of up to 25%. Continued government support for the Foundation remains vital; it is a secure “baseline” that has allowed us to invest in income-generating projects such as the microbrewery and thus to reduce overall dependency. In effect the public subsidy is helping to underwrite the cost of public access to the site, and the “heritage premium” required to keep the buildings in good repair. This funding stream is vital to allow us to fulfil the agreement with our tenants, the University and Trinity, embedded in long term leases to which the government was party in 1998. With only 32 staff, of whom all but 5 are in “front line” service delivery posts, the Foundation cannot absorb such cuts without curtailing its investment in income-generating facilities and/or its regular maintenance programmes. Both of these would be false economies.

Lottery and private charitable support. Capital grants from the Heritage Lottery Fund to the Foundation amounting to £12.5m over the last decade have also been vital to securing a sustainable future for the buildings. We have added to these with a successful private/trust donor campaign which raised over £500k towards the £6m cost of the in respect of the recently-completed Discover Greenwich visitor centre for the whole World Heritage Site. It includes the state-of-the-art Clore Learning Suite, now delivering tailored education programmes to over 6000 schoolchildren per annum. We have built a new Tourist Information Centre run by the London Borough of Greenwich as part of the project, which also includes the previously-mentioned microbrewery, cafe
and restaurant. Well over half the investment in Discover Greenwich was externally funded.

6. **Public benefit.** The public benefits which arise from the success of this model are significant. Not only does the Foundation look after these magnificent buildings and grounds to the highest standard, and open the whole site and the finest interiors free of charge all year round, but we have provided a visitor centre for the whole of the Maritime Greenwich WHS in Discover Greenwich. ORNC is part of the equestrian Olympic site in 2012, and we are now well placed to capitalise on the “Olympic legacy”. We have reached out to new audiences with our education and public events programmes, which have included concerts, ice rinks and theatre—all of which have generated income for the estate. Our visitor numbers have risen from just over 400k in 2002 to an estimated 1.3m in the current year.

7. **Tourism and the economy.** We also make a significant regional contribution to tourism and the local economy. With the creation of the microbrewery we added some 37 new jobs to Greenwich town centre, and our ongoing building repair programmes have had an equally important impact in the local construction and craft skills sectors.

8. **Summary.** Against this background the points to which the Foundation would wish to draw the Committee’s attention are as follows:

(i) Given the flexibility to operate outside the public sector, regional/local historic buildings charities such as the Foundation present an excellent and efficient model for running large properties in public ownership, maximising income generation opportunities;

(ii) Nonetheless continued government support is still vital in our case, to underwrite the gap between the commercial value of the buildings and the cost of maintaining them and keeping them open to the public;

(iii) Capital grant from the HLF was also vital to securing the long term future of the buildings;

(iv) It is possible to raise significant sums from private donors and charitable trusts against projects where there is a strong case for support—such as the educational benefits of Discover Greenwich. It is however not possible to raise private money towards regular maintenance of a public asset.

*September 2010*
Southwark as a borough for culture

Southwark has always been a creative borough at the heart of London. Yesterday the home of Shakespeare and Dickens – today the home of London government, a world class cultural centre and one of the UK’s most vibrant cultural quarters. Perhaps more than any other area of London, Southwark is associated with arts and culture.

Southwark’s culture is unique. It is a borough of enormous cultural variety and potential – in its places, people, institutions, history and diversity. It is home to Tate Modern, Shakespeare’s Globe, Imperial War Museum, Design Museum, Siobhan Davies Dance Company, Dulwich Picture Gallery, University of the Arts, South London Gallery, Shunt, Punchdrunk, London Bubble, Brunel Engine House, Kids Company, Cafe Gallery Projects, Thames Festival, Carnaval del Pueblo, Unicorn Theatre for Children, London Dungeon, Fashion and Textile Museum, HMS Belfast, Borough Market, Peckham Space, Bold Tendencies, to name just a few.

Cultural provision in the borough has shown that communities can connect through shared activities and cultural experiences. Artistic excellence and innovation in Southwark has not been limited by the need to engage with diverse audiences – in reality the opposite has been the case, and the levels of engagement in the arts (47.4% for 2008/9) and for visits to museums and galleries (64.4% for 2008/9) are relatively high. Arts and cultural organisations in Southwark deliver on the key priorities of community cohesion, social inclusion, improving the borough as a place to live, work and visit, and increasing opportunities for local residents. As such, they should be regarded as occupying a major place in the ‘Big Society’.

Arts and culture are an integral part of the borough’s dynamism, as a driving force within renewal, for tourism and the local economy, for community cohesion and engagement, and for creating vibrant local places. The investment in the arts by central government, Arts Council and the local authority generates £5 for every £1 invested. The Arts Council alone invests just over £11 million pounds annually in the arts in Southwark so the significance of this funding stream, and the partnership with the local authority is crucial to sustaining a vibrant and relevant arts and cultural sector.

Cultural tourism in the cultural quarter attracts 12 million people annually, generating £100 million pounds of economic benefits (tate modern), and generating 4,000 jobs in the Southwark area. The creative industries in Southwark employ 150,000 people and are a growth area of the economy. With the ongoing regeneration of the borough and new districts and town centres at the Elephant and Castle, Canada Water, Bermondsey and Peckham, the need to sustain support for arts and culture as a driver of a more diverse economy in the borough is crucial. Entrepreneurship, self employment, social enterprise and small businesses are important aspects of this growth, and are features of creative industries.

The borough attracts and generates artistic innovation and creativity. At the same time, Southwark can be a challenging place to live and too many residents still struggle to have a decent home, good job and healthy life. Arts and culture have an important role to play in improving the quality of life for local people. Children and young people have been a primary focus of cultural provision in the borough with 300,000 participating in cultural activities each year. Funding for arts and cultural organisations to continue to provide free and affordable activities, training, volunteering and routes into employment needs to be maintained to ensure opportunities for all, and not just a privileged few.
Southwark aims to maintain the borough’s position as a leading part of London as a World City through its artistic and cultural excellence. It also aims to ensure that the benefits of its arts and cultural offer - economic, social and cultural - improve life for local people. It recognises the impact of the economic downturn on both the arts and cultural sector and the general public and the importance of working in partnership to deliver a cultural offer.

1. **What impact recent, and future, spending cuts from central and local government will have on the arts and heritage at a national and local level**

   Larger institutions will struggle to maintain funding levels. This will impact on creative programmes and also on community, education and outreach provision. In the longer term this will restrict new and diverse audiences and participants in arts and culture. A number of smaller organisations have already downsized or closed.

   Organisations will be in competition with each other. With the emphasis on philanthropic giving as a replacement for government funding and subsidy, it is likely that the diversity and innovation of national institutions will decrease, with funding being sustained for well-established, mainstream organisations and programmes.

   Key capital projects have been curtailed, restricting the expansion of organisations and renovation of dated buildings. To maintain a world class cultural offer, a capital programme needs to be retained.

   Many arts organisations are multi-funded, or partnership funded with national agencies and local authorities. The spending cuts will impact on all the funding streams at the same time, and it will inevitably lead to closure of a number of medium and small-scale organisations. Reductions in local authority spend will also limit the capacity of local authorities to provide in-kind support in terms of premises and other infrastructure support.

   Reduction in touring work nationally will mean that some areas of the country will be disadvantaged.

   Closure of organisations will mean closure of buildings in some cases. There is a risk in some areas of urban (and rural) blight through empty premises.

   Increase in unemployment in the sector, restricting growth of the creative economy. Publicly funded arts are a driver for the creative industries and as a source of future jobs, should not be curtailed. Young people – school leavers and graduates - will be most significantly disadvantaged by shrinking the sector.

   The sector is used to reductions in its funding. However, the timescale for implementing cuts means that there is usually limited time to make a real strategic change. It would be preferable that funding reductions are phased over 3 – 4 years.

2. **What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale**

   Southwark has strong arts and cultural partnerships, notably the South Bank and Bankside Cultural Quarter. There is significant scope for shared back office services,
marketing, ticketing and on-line services; and streamlined education, community and outreach programmes between large institutions.

The arts and cultural infrastructure for London authorities can be reviewed, with a view to shared services and provision, in a similar way to the London Libraries pilot scheme. This will, however, require time to pilot and implement.

Provision for children and young people can be reviewed to maintain the range of arts opportunities for all young people but to rationalise the numbers of programmes and initiatives.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable**

Public subsidy for the arts and heritage in the UK should ensure that there is provision to maintain excellence and innovation in the arts and heritage on a national and regional level. The eyes of the world will be on London in 2012 and it is important that Festival 2012 can demonstrate the diversity and excellence of culture in the UK.

- It should ensure that there is support for new organisations.
- It should be part of the mixed income model, which has been successful to date, and organisations should be expected to earn income and generate funding, and to be financially effective.
- A balance needs to be maintained between subsidy for national organisations, regional centres and local provision.
- Funding needs to incorporate revenue, capital, and start-up loans, and other ways of investing in the arts and heritage to generate financial return over a longer period of time. Both core and project funding need to be available to maintain sustainable organisations.

4. **Whether the current system, and structure, of funding distribution is the right one**

- We support the arms-length principle of funding as an appropriate way of operating support for the arts and heritage.
- The current system and range of distributors has been effective to date, with national and local funding opportunities available. There is scope, however, for streamlining decision-making processes between different authorities and decision-makers to achieve more consolidated and targeted provision.
- Stagnation in the funding system needs to be reviewed to ensure that new organisations can get support.
- A more streamlined and shared approach to funding application, assessment and review processes.
Local authorities are a significant funder of the arts and recognise that arts and cultural provision impact positively on key priorities, including community cohesion, health and well-being and quality of life. In the spending review, local authorities’ capacity to fund the arts and heritage is likely to be significantly reduced with the Arts Council’s and that of other agencies. The negative of impact of reductions by all funding agencies over a similar period of time must be taken into account.

5. **What impact recent changes to the distribution of National Lottery funding will have on arts and heritage organisations**

The increase in the share apportionment for arts, heritage and sport on April 1, 2011 (18% each) and April 1, 2012 (20% each) is to be welcomed. The National Lottery has been an effective source of financial support for many projects in Southwark since 1994. This increase will not however be sufficient to replace the reductions in other funding streams.

6. **Whether the policy guidelines for National Lottery funding need to be reviewed**

Duplication in funding support between the National Lottery and other funders of community focused provision could usefully be reviewed and streamlined.

7. **The impact of recent changes to DCMS arm’s-length bodies – in particular the abolition of the UK Film Council, and the Museums, Libraries and Archives Council**

There is a risk that in the abolition of arm’s-lengths bodies for arts and heritage that professionally informed leadership and expertise for the discrete areas of arts and heritage will be lacking. It is vital to maintain this if central government wish to encourage economic growth in the arts and heritage sector, and to maintain our international profile through creative excellence, and through exporting creative products.

The accreditation system for museums has benefited museums by ensuring quality whether the museum is large or small. We believe that a similar accreditation scheme should be retained to ensure diversity of quality provision at regional and local levels. The system of small grants for museums administered by the MLA has been very useful for new projects in museums and we would like to see a similar level of flexible support retained.

The loss of professional agencies that set standards and policies for the cultural sector, and encourage regional networks and exchange, will have a detrimental effect on the sector in the longer term. We question what will replace them and how long it will take to establish an alternative system.

8. **Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level**

We believe that businesses and philanthropists should be encouraged to support the arts. However, this should not be a replacement for public subsidy, but should form part of multiple funding streams. The economic downturn is impacting on
businesses and sponsorship of the arts has reduced, so the expectation that philanthropy and sponsorship can replace public funding in the short or longer-term is unrealistic.

We note the majority of philanthropic giving is focused on London, and 90% is for small or medium donations (£1 - £5000). The most significant donations are received by national institutions for high profile programmes. We believe that more can be done to encourage and inform potential donors and sponsors about the impact that the arts can make, including on a local level. Many organisations do not have the expertise to attract sponsors and donors, and more could be done to skill organisations up in this area.

9. **Whether there need to be more Government incentives to encourage private donations**
   More could be done to improve charitable giving, particularly in respect of the tax breaks for indirect cash support via an intermediary, as identified by Arts and Business.

*September 2010*
Written evidence submitted by Strange Cargo (arts 69)

Strange Cargo facts:

- Strange Cargo is a registered charity based in Folkestone, Kent. We have been in existence since 1995 and work across the South East, into the rest of the UK and Europe. We are an ACE RFO and not-for-profit company. We employ four full time staff and a number of freelance artists across a broad programme of creative practice. We rent our office and gallery space and own a production space/workshop premises nearly.
- We contribute to the local economy through attracting work and income to the area, contributing to the local touristic offer, ongoing employment, local sourcing, professional training, work experience placements, education
- Between 2004 – 2010 an average of 43% of our income was earned, supported by grant income of 57%
- Our contemporary art gallery is subsidised by our earned income and exhibits an average of 20 exhibitions annually. Since 1998 it has supporting the creative development of over 1000 artists.
- The company has attracted international awards for its innovative approach to creating participatory public artworks
- Our groundbreaking approach to delivering a cultural audit meant 14,000 young people had face to face involvement and input into the audit process. Resulting in 2,000,000 pieces of information being collected about our local young people’s cultural preferences and aspirations
- Our Charivari Day carnival has involved over 6500 individuals directly in learning new skills and joining in a significant event as a community
- We provide opportunities for people to come together to celebrate as communities through delivering high quality and accessible participatory cultural experiences, free of charge at point of entry

Our Opinion

Much has already been said to acknowledge that the percentage of funding received by the arts sector is small when compared to the national public sector funding picture. “Key Facts” issued by Arts Council England about the current funding climate, clearly states total arts funding represents only 1% of the NHS budget, and that every £1 invested in culture produces £2 more from other sources. With these statistics on the table, there is very little common sense to support the looming slash and burn approach of 40% funding cuts, that is being threatened, which will leave an empty crater where once stood our cultural infrastructure. The impact of 40% cuts will be hugely disproportionate to the savings made, and will have very damaging, long term repercussions to the already overstretched and under capacity arts sector. Between 2004 – 2010 our grant income has supplemented 43% of direct earned income.

Through necessity, the vast majority of people working in the arts sector operate a tight ship and most funded organisations recognise that they will have to brace themselves against further inevitable cuts. We all acknowledge that we are living through exceptional times and will have to play our part in the grand scheme of cutbacks affecting all publicly funded bodies. It is hoped that the ministers fighting the arts corner will sensibly look at another “key fact”, that shows income generated by the creative industries, which has grown faster than any other sector, accounted for 2 million jobs and £16.6 billion of exports in 2007. The arts is a victim of its own
resourcefulness and frugality, its infrastructure is very fragile and it would take little, in terms of funding reductions, for it to crumble.

All RFO’s have been told by the Arts Council to make judicious preparations amounting to 10% in cuts to next years budgets, but the reality is that no one knows what is really going to happen and that this number, which has been plucked out of the air, is likely to be the tip of the iceberg. This figure is, potentially, way short of the mark, especially if the Government decides to front end heavy cuts in funding. If this is the case, there is unlikely to be many arts organizations left to worry about in four years time, as there are few, if any, that could shoulder this blow, no matter how resourceful or well connected they might be.

Index of Strange Cargo’s views relating to:

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

3. What level of public subsidy for the arts and heritage is necessary and sustainable

4. Whether the current system, and structure, of funding distribution is the right one;

5. Whether the policy guidelines for National Lottery funding need to be reviewed

6. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

7. Whether there need to be more Government incentives to encourage private donations

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

   a. The arts is not a statutory service for Strange Cargo’s local and regional authority funders, which means they are likely to reduce or remove our grants, which currently total only £29k annually. When added to the other cuts, potentially on the horizon, this would almost certainly herald major down-sizing of our operation. At worst, organisations such as ours, that have staff and infrastructure to support, might not be able to survive.

   b. At local level, the lone artist is not often equipped or experienced enough to deliver larger programmes of work. Looking forward to local celebrations for the Olympics, which is the next big cultural event - a short sighted, quick fix of cuts, will leave huge gaps in our ability to deliver a cultural offer worthy of the occasion and significantly reduce wider income from cultural activities.

   c. Over the last eighteen months, as the recession has hit, earned income
from local and regional authorities has dried up significantly, with fears about reduction in budgets encouraging commissioners to sit on their hands. Strange Cargo has traditionally earned approximately 40% of its turnover this way, but it is no longer a reliable source of income.

d. Gateway cultural activities such as carnival and other celebratory arts programming is already chronically under funded. Strange Cargo has evidence that these grassroots activities actively encourage people to take part in new cultural opportunities, such as visiting galleries or being part of other arts opportunities. Carnival etc. is the stuff of The Big Society debate, but if there is already inadequate funding, and little current support for these cultural experiences in the places decisions about funding are made, what chance will these fundamental cultural gateways have to flourish post cuts.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

a. The practicalities of how this can happen will be decided by the individual circumstances of the people involved. Equipment loan and knowledge sharing already happens, and creative people are very generous, but ‘working more closely’ should not become a euphemism for getting something for nothing, ultimately someone has to pick up the bill.

b. Collaboration has always, and will continue to happen in the arts, but it is important not to engender an ‘everyman for himself’ attitude, as funding is cut and artists and organisations find themselves in very stiff competition for whatever funding resources are still available.

3. What level of public subsidy for the arts and heritage is necessary and sustainable

a. How long is a piece of string? Most people operating within the creative industries only have in depth knowledge of their own circumstances and situation, and given the breath and varying organizational scale of creative practice and cultural institutions that the arts encompasses, there cannot be many people who can speak with authority on this wider subject. The current levels of funding and arts subsidy have demonstrated a very healthy return on investment, enabling the arts sector to flourish and to support the wider economy. It can not be said often enough that the impact on the economy of the UK’s cultural sector should be very carefully considered before funding is cut, as it will take no time at all for this network to unravel and the skills and infrastructure to be lost for good.

b. Key Facts (Arts Council sources) –
   i. Eight of the UK’s top ten visitor attractions are museums
   ii. More people go to museums than football matches
   iii. Dance is now second only to football as the most popular activity among school children, and ranks first among girls
   iv. Two thirds of the adult population enjoy the arts visit historic sites, and go to museums and galleries
   v. Music contributes nearly £5 billion to the UK economy
   vi. The economic impact of theatre is £2.6 billion a year
vii. The economic benefits of the UK’s major museums and galleries are estimated to be £1.5 billion a year.

viii. Liverpool was the most successful European Capital of Culture ever, with 15 million cultural visits and economic benefits of £800 million.

ix. Museums are the most respected places of education after schools, universities and libraries.

4. Whether the current system, and structure, of funding distribution is the right one;

    a. There are probably many structures and systems that could work to distribute funding, but at what cost to implement? If cuts are on the table, it would seem prudent not waste precious resources establishing new systems, but look at whether how current system can be improved? Do not be tempted to blindly take the 'new broom' approach, as so often this approach is driven by ego and not outcome and ends up costing huge sums for a new system to be devised.

5. Whether the policy guidelines for National Lottery funding need to be reviewed

    a. Strange Cargo has responded to the Lottery Consultation and is of the opinion that an increase to 20% of National Lottery Good Causes funding stream for the Arts should be reestablished as of 1st April 2011. Implementing this change is one of the few positive messages currently on the horizon, and if twinned with sensible and sensitive back ended cuts, Lottery money will give the arts an alternative funding stream to take some of the impact out of the impending cuts and enough time to make their applications.

6. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

    a. This is a very worrying development that seems to be gathering momentum in government feedback with regards to arts funding that business and philanthropic giving is the answer to back filling the financial hole left by any funding cuts. In our 15 year history Strange Cargo has received minimal support through philanthropic donation or business support. This type of giving is not established within the wider culture of the UK, and certainly outside of major cultural centres, this type of giving does not make an impact on our annual accounts and I suspect of many other arts organisations.

    b. Many arts organisations, including Strange Cargo, do not have patrons or business funding to back fill funding cuts.

    c. Networking to put these alternative sources of potential income into place takes time, resources, advocacy and connections.

    d. Geography is a major influence – not everyone lives in London, or has connections to a wealthy philanthropist.
e. The area of the south east in which we operate will most certainly take much longer to recover from the recession.
f. We cannot all be as enticing a cultural offer as The Tate or National Opera. What if good art cannot attract patronage, does that mean it is not valuable? Where is the room for risk and innovation?

7. Whether there need to be more Government incentives to encourage private donations

a. The introduction of new incentives could help, depending on what they are, but not as an alternative to public funding. Risk and innovation may not be seen as an attractive investment option for private givers and the UK's cultural sectors excellent track record of innovative practice may be hard to sell as an investment priority for private givers.

b. It is the qualitative, not quantitative outcomes, delivered through the arts that make a lasting impact on society. These statistics are difficult to demonstrate, as it is hard to make the case for the impact that “a great day out” or “being involved in a public artwork” can make to people. Lasting changes to people’s attitude and ultimately society begin with these kinds of experiences, but these experiences are the reality of what the arts is. Cultural experiences are what a great many memories consist of – theatre trips, days out to experience galleries and museums, carnivals etc., all of these cultural opportunities create the substance of our family lives, and what ultimately is our society. With the government championing the values of The Big Society, it is essential to bear in mind that our relationship to culture begins young and is embedded in our psyche as integral to family life. We do not want the next generation to be a generation to whom culture is not available.

*September 2010*
Written evidence submitted by Trestle (arts 70)

Introduction
Trestle is a 29 year old theatre company with approx £700k turnover. A third of its income comes from the Arts Council, which funds Trestle Touring, a Regularly Funded Organisation which takes new physical storytelling theatre productions across England. A third comes from local government and trusts and foundations including the Heritage Lottery Fund to run Trestle Taking Part, a programme of nationwide and international participatory work. The remaining third is generated by the commercially run building from which the organisation operates, Trestle Arts Base, a local and international creative centre. www.trestle.org.uk

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level:
Recent cuts have had an effect, but we have been able to absorb them by making cuts to our operation, rather than passing on the impact to the beneficiaries of our work. However, this streamlining has pushed our internal operation to the edge and future cuts will have a significant effect in changing the nature of our business. With cuts of more than 10%, a radical re-thinking will have to take place; national touring of new small scale theatre work will suffer as such work is impossible to make without public subsidy; the art will suffer as fewer risks can be taken as subsidy shrinks. At local and national levels we will be obliged to reduce our ability to offer engagement in participatory work. Significant spending cuts, implemented immediately, will leave many organisations unable to recover and force them to close completely. Gradual cuts, weighted towards the end of a three or four year period will allow us to plan, gradually shift focus and find ways of surviving, ensuring the arts - for which Britain is renowned throughout the world - are sustainable.

Last year saw 71 Trestle performances, 219 Trestle workshops and 689 Trestle mask sets delivered throughout England and beyond, engaging over 29,000 people with theatre and enriching their lives through art:

7,000 were audiences for our performances across the uk
3,300 were audiences at trestle arts base
4,600 took part in workshops
2,800 took part in trestle’s youth theatre
5,900 took part in community activity
5,400 used trestle masks across the world

Every £1 of arts council funding in 2009/10 generated £1.16 from other sources and, at the current level of funding, this is projected to rise to £1.82 in 2010/11. If subsidy is cut, it will fall, significantly reducing our contribution to the local and uk economy, a proportion of which is generated from outside the uk.

In a year, Trestle employs 18 staff permanently, over 50 freelance staff, at least 10 international artists and 100 UK artists and supports at least 15 community groups in regular activity and 50 community and business groups in one off activities. If subsidy is cut, significantly and immediately, redundancies will follow and our ability to support community groups and the more disadvantaged members of society - those who are least able to make a financial contribution to our work - will be greatly reduced.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale
Trestle Arts Base can use its resources to their full potential, sharing space with other creative industries and local FE and HE institutions.
Theatre companies need to redefine their purpose and mission, clarify their unique offer, ensure their strengths are sustained and developed and potentially relinquish areas of weakness. However, many have already undergone this process in order to meet the spending cuts already implemented.

What level of public subsidy for the arts and heritage is necessary and sustainable?
To make new work that is not commercially driven, subsidy is crucial. The implementation of the creative curriculum in schools recognises that the arts play a key role in a child’s development, enabling them to grow into well-balanced, confident and responsible adults. Without public subsidy for the arts, the future wellbeing of our society will suffer and the impact of cuts will be felt many years down the line.

Reports on subsidy for the arts, commissioned and published over the last ten years have highlighted the need for greater public subsidy, not less, and this subsidy has been forthcoming. If the level of subsidy were to be reduced to that of 1999 (in real terms), the arts would be at risk now, as they were then (see the Boyden report for more detail). However, at that level they may be sustainable for a few years, if Britain is able to commit to raising levels of subsidy again once the present crisis is past. To reduce them any further may well see the arts unable to recover with fewer, if any, new artists able to build the future of the arts in Britain in ten years time.

Whether the current system, and structure, of funding distribution is the right one
The current system needs an overhaul and the future flexibility in funding being suggested by the Arts Council is a good thing. However, if cuts in subsidy are inevitable, one has to question whether funding cuts should devolve onto those organisations using the funding to make work that has a direct and genuine impact on lives, or onto the administration of that funding. Decisions to cut public subsidy must be made with a view to minimising the costs of funding administration, allowing arts organisations to maximise the use of the remaining funding.

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations; whether the policy guidelines for National Lottery funding need to be reviewed;
In these times of recession, where it is clearly necessary to limit spending in the voluntary and public sectors, lottery funding is one of the few beacons of hope for many arts organisation, producing high quality art which enhances lives. We face hard times and the arts have the capability to touch peoples lives, give hope where otherwise there is none, develop the confidence and life skills of children, young people and those who are disadvantaged, working alongside the NHS and Social Services in supporting health and social care in less tangible but equally vital ways. It is crucial for the future, not only of our industry, but of a confident and contented Society, that the proportion of lottery shares given to the arts is returned to its original level and Trestle Theatre firmly supports the Draft Order to do so.

For example, Trestle Theatre is core-funded to produce and tour high-quality theatre nationally within the UK, but the organisation also runs a venue which supports emerging artists and new work, associated projects within its local community which specifically address disadvantaged groups and international residencies which bring artists from around the world to teach and learn at its creative hub. These areas of operation support and are supported by its core-funded work, but could not take place without additional lottery funding. By linking both types of funded project, Trestle is able to add value to both while keeping costs to a minimum, thereby maximising the impact of the funding.
The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council; There has been no specific impact in touring theatre as yet; inevitably questions arise as to the future of the Arts Council.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;
It will take a long time to establish this; as with any partnership or collaboration, building and sustaining a productive relationship between an arts organisation and a business or a philanthropist is rare. Such funding generally comes with agendas and potential restrictions, which can be counter productive to the production of great art. As with all organisations, Trestle has focussed on diversifying its funding base over the past 3 years; however, it is unrealistic to believe that business and philanthropic income to the arts could replace public subsidy. A massive culture change, which will be slow to shift, will be necessary before arts organisations can rely as much on private philanthropy as they currently do on public subsidy. This will take ten or twenty years to change and will never be a realistic or immediate solution to the present crisis.

Whether there need to be more Government incentives to encourage private donations.
Yes, incentives would help; in the USA there are attractive tax breaks for philanthropists and giving is part of the ego-building of the American identity, where a society based on the commercial produces great business people who will give their money and name to the arts. Due to the essentially feudal system of the UK, this level of philanthropy is not the same and the traditional families/foundations who give are already doing so, such as The Westons, the Foyles etc. The government need to think about how to incentivise the newly moneyed people and businesses to support the arts and then promote the dissemination of this culture. This will take time and sustained effort to permeate through the whole of society to a point where it has a significant impact.

An Example of Partnership Working:
Out of Sight Out of Mind 2009-10: A professional and community project run by Trestle, Hertfordshire County Council, St Albans District Council and supported by the Heritage Lottery Fund. Based on the history of Hill End Psychiatric Hospital, including a large site specific performance by 50 local people aged 8-80, consultation with over 100 people who lived and worked at the hospital, participatory work in local schools, a new archive established by the Library Service, interactive museum exhibitions and a developing website.http://www.stalbansoutofsightoutofmind.org.uk/

September 2010
1. Introduction

Jazz music is a unique art form. Whilst poetry, art, classical music, drama and dance have on occasion, been expressed spontaneously, jazz stands alone by its use of improvisatory practises as the focal point of music. Within this context there is great scope for individuality and creativity. The engaging vitality of the music stems from the spontaneity of the improvising musician.

2. The Market for Jazz in the UK

Target Group Index Figures for the year 2004/2005 show the audiences for jazz who attended live jazz events annually or watch them on TV or read about them at 14% of the adult population of England, Scotland and Wales.

The audience for jazz extrapolated from the 2004/2005 TGI figures is 6.6 million adults in England, Scotland and Wales.

The figures of the Taking Part Survey conducted by the Arts Council of England in 2008/2009 show that the number of people who actually attend jazz events in England is 2.5 million compared to 3.3 million for classical music and 1.7 Million for opera.

3. Evidence to the Select Committee on Culture, Media and Sport

3.1 What impact will recent and future spending cuts from control to local government will have on the arts at a national and a local level

3.1.1 The funding of jazz

The Association of British Jazz Musicians has never been in the business of robbing Bryn Terfel to pay Courtney Pine, but comparison of the funding of jazz with that of other art forms is at best unfavourable. In 1991/92 the jazz attenders received 8.5p public subsidy per head and in 2009/10 this had risen to 0.62p, with 2.5 million attenders. Opera received £7.95 per head in 1991/92 and in 2009/10, with 1.67 million attenders, £44.74 per head. Classical music in 1991/92 received £1.66 per head and in 2009/10, with 3.34 million attenders, £41.90 per head. The massive disparity is unjustified as jazz attenders pay their share of taxes and are entitled to a fair share of the arts cake commensurate with the size of the audience, even in these straitened times.

Table 1 below also illustrates the comparison of the increase in public subsidy per attender: from a low base of 8.5p jazz has risen by 629% to 62p, opera by 462% from £7.95 to £44.27 per attender, and classical music has increased 2424% to £41.90 per attender.

As can be seen in Table 1, jazz in the UK is underfunded but nevertheless the 12 Regularly Funded Organisations for jazz, through their endeavours with the work of the backbone of UK jazz, the network of volunteer jazz promoters, a number of commercial companies, the musicians who subsidise jazz with low fees, loyal and growing audiences and an articulate jazz press, produce a vibrant jazz scene.

However, jazz needs financial nourishment. What it has achieved on a bread and water diet is incredible. To reduce that bare necessity could jeopardise a success story. Whilst there is no
doubt that jazz will survive, even with a small cut the knock-on effect will be magnified exponentially.


<table>
<thead>
<tr>
<th>2008/2009</th>
<th>% of adults who currently attend</th>
<th>Amount allocated from ACGB opera/music allocation £</th>
<th>Adults who currently attend in millions</th>
<th>Subsidy per attender £</th>
<th>Increases (decreases) of subsidy per head %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jazz</td>
<td>5.9%</td>
<td>6%</td>
<td>230,400</td>
<td>1,557,621</td>
<td>2.74</td>
</tr>
<tr>
<td>Opera</td>
<td>5.9%</td>
<td>4%</td>
<td>21,795,200</td>
<td>73,938,123</td>
<td>2.74</td>
</tr>
<tr>
<td>Classical Music</td>
<td>11.7%</td>
<td>8%</td>
<td>8,640,000</td>
<td>140,213,509</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Table1: Public funding of music 1991/1992 and 2008/2009


Note: Classical music includes; Contemporary Classical (£37,316,287) Chamber Music (£4,617,028) Early Music (£933,800) Classical Music (£97,346,389)

3.1.2 VAT

Jazz relies on volunteer promoters the majority of whom are not registered for VAT. The increase of VAT to 20% which increases the cost of a night out allied to cuts in ACE and local authority funding could shake up a lethal cocktail.

3.1.3 The multiplier effect

The multiplier effect of public subsidy on the arts will be diminished. ACE says that a £1 investment produces a £2 return. This will impact both nationally and locally. Small jazz clubs throughout England that rely on very small amounts of subsidy will be adversely affected. Many of these produce a multiplier indicator of £5 to £7.

3.1.4 Cuts could prolong the recession

There is a real chance that history will repeat itself. In the mid 1980s recession, Geoffrey Howe embarked on a policy of spending cuts and fiscal squeeze (VAT doubled, with pensions, NHS and education cuts) which exacerbated and prolonged the recession. Cuts to the arts can damage the infrastructure in the arts and have deleterious effects on tourism and the export of jazz and under-represented musics abroad.

3.1.5 Commercial funding
To expect individuals and small organisations to drum up sponsorship is unrealistic. In any event patronage is discretionary and sponsors and partners may withhold support. The arts are still recovering from the effects of the recession. It has not gone away. Cuts will exacerbate in many cases a precarious position, especially in jazz. An ad hoc case in point is that a member of the ABJM carefully selected 8 prospective sponsors for a premier of a literature and jazz work at a literary venue in London, sent a proposal and received 1 reply.

3.1.6 Lower income groups

Welfare cuts according to the Institute for Fiscal Studies could impact on discretionary income of working families on the lowest incomes – particularly those with children.

Table two below illustrates the social grade of attenders at jazz events. There has been an increase in audiences for social grades C2, D and E. This continuing increase would be threatened by an erosion of disposable incomes in these social groups.

<table>
<thead>
<tr>
<th>Social Grade</th>
<th>Great Britain Population All Adults</th>
<th>Jazz</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>25.1%</td>
<td>31%</td>
</tr>
<tr>
<td>C1</td>
<td>28.5%</td>
<td>43%</td>
</tr>
<tr>
<td>C2</td>
<td>20.7%</td>
<td>12%</td>
</tr>
<tr>
<td>DE</td>
<td>25.7%</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2
Source: Peter Verwey, Target Group Index 2001/2002 and 2002/2003, summary of Results for England, the English regions, Scotland and Wales. Publisher Arts Council England, October 2003. Marketing Pocket Book 2004. Target Group Index BMRB International 2004/2005 Notes: Percentages are based on the sample at the head of each column. For example, 31% of jazz attendees in Great Britain are AB social grade, while 25.1% of all adults in Great Britain are AB social grade.

3.2 What can arts organisations do to work more closely together etc.?

It behoves arts organisations to look at their operations and effect cost savings. Arts & Business could then produce case studies that might help other organisations. Arts & Business should also look to helping small organisations: their current focus seems to be on large organisations.

Remuneration of all subsidised arts organisations should be carefully appraised. The notion of vocation seems to have given over to attempting parity with the commercial world, especially with flagship arts organisations. A small point, but the Chair of ACE should be a vocational appointment not a remunerated one. The current Chair’s salary of £40,000 might be small potatoes to some people but to small organisations and individuals it is a substantial sum of money.

Organisations who are artistically aligned could affect mutual ways of working. Some back office operations, websites etc. could be merged and jointly undertaken. Information sharing so unnecessary duplication is avoided.
Much at this time will be made of mergers and acquisitions. However, there are pitfalls to what at the outset appears to be a seductive notion.

- Strategic fit – is there a real, honest and genuine strategic fit between the merging organizations?
- Is there a “cultural” fit between the organizations? What is the management culture of the merging organizations?
- Studies show that in terms of the private sector, profitability declines and merger activity has not “improved efficiency, but merely reduced competitive pressures on managers and enhanced their prestige and salaries” (Hannah, 1983). The same effects would be experienced by arts organisations.
- What is the cost of a merger?

3.3 What level of public subsidy for the arts is necessary and sustainable?

To answer this a rigorous analysis of existing funding and value for money/best value/cost benefit and impact analysis needs to be undertaken.

If arts management is good enough, people will find a way to continue their work. The crucial component in all this is the lack of analysis and planning by the Government. People in the arts need to be properly and reliably informed so that they can plan ahead.

This brings to the fore the notion of “privatisation”. Perhaps a bold experiment whereby a flagship arts company was “floated off” to see if it did work and if it did not then bring it back to the public sector. Of course if it did work with private patronage then that would supply the ammunition to cut subsidy all together. However the point is that everything should be carefully examined.

While Arts Council England unfortunately has to stand in the dock and take the rap for underfunding, it is crucially important that the BBC is not left out of the equation. Tim Whitehead, jazz musician, bandleader and composer, stated in an article in Jazz UK (August/September Issue 94, p25): “My career was founded on the early engagements I got through the BBC, so it concerns me greatly that the current rate, as negotiated with the Musicians’ Union, which is paid for a three-hour rehearsal and three-hour session - £93 – is less than the hourly rate you might reasonably expect to pay a mechanic or plumber. What this says about the BBC’s priorities in terms of live music provision is one thing, but I think the whole issue of public service broadcasting – of what the BBC is there to do – urgently need to be addressed."

Mark Thompson, in the McTaggart lecture at the Edinburgh Festival this August, said that the BBC was reducing management numbers by a fifth and cutting the amount paid to talent as a massive programme of change. Perhaps he could also affect with some of the savings a sea change in the remuneration of jazz musicians so that they are properly rewarded.

3.4 Whether the current system is the right one?

The crucial point is to retain the “arms length” principle from government. There is a strong argument that now would be the time to develop a national policy for the arts and then design the appropriate organisation/system to deliver it.

3.5 The impact recent changes to the distribution of National Lottery Funds will have on the Arts

The Association of British Jazz Musicians is broadly supportive of the proposed changes to the lottery but it is crucial that additionality is supported and maintained.
3.6 Whether the policy guidelines for National Lottery funding need to be reviewed

The guidelines need to be reviewed so that Lottery funds do not become an extra source of funding for Arts Council grants. The guidelines should also ensure that small organisations are able to access Lottery funds and that entrepreneurial schemes in the arts are encouraged.

3.7 The impact of recent changes to DCMS arm’s length bodies

The abolition of these bodies could engender a lack of direction and focus that will in turn affect the work, interests and direction of their stakeholders. Before arts organisations are scrapped, a rigorous analysis of the effect of these changes needs to be undertaken so that change can be managed efficiently.

3.8 Whether business and philanthropists can play a long term role in arts funding?

Business and philanthropy can play an important part providing there is:

- A coherent plan from ACE/Arts and Business/DCMS for business and philanthropic giving
- Tax incentives
- A safety net for those organizations, who by the nature of their existence find it hard to attract commercial sponsorship. The money goes to the big large scale organisations who have the departments to lever the money out and the big productions that sponsors like to be associated with
- A rigorous study needs to be undertaken as to why sponsors give and perhaps a programme of work is needed to change the culture of business and philanthropic giving

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Not just tax breaks but some additional funds that could proselytize the work of small organisations who can deliver value to sponsors.

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Not just tax breaks but some additional funds that could proselytize the work of small organisations who can deliver value to sponsor.

*September 2010*
Written evidence submitted by Merseyside Dance Initiative (MDI) (arts 72)

Introduction

MDI is a strategic dance development agency committed to strengthening the dance sector in order to advance the production and presentation of dance work that has artistic integrity, that is innovative and diverse, and that engages people creatively. Working in partnership with artists, promoters and other organisations it provides access for all people to participate in create and see dance. MDI’s mission is to ‘Inspire people through dance’ and at its’ heart is the nurturing, support and development of dance artists enhanced through the effective partnerships it is building both nationally and internationally.

Summary

- Dance has become increasingly entrepreneurial and the dance economy is showing steady growth through sustained investment
- Spending cuts will have a detrimental effect to both artistic and organisational development
- There is already a body evidence supporting the ability of arts organisations to work in partnership
- Public money is necessary to enable the stimulation of a mixed economy that is contributing to the development of culture in the UK
- Lottery increases should be additional resources rather than replace public subsidy
- Arm’s-length bodies act as a conduit and broker for support, information and advise to the cultural sectors that they serve
- Both business and philanthropic giving can and do play a role in funding the arts through enhancing the investment and not replacing subsidy

1. Evidence is showing that, through sustained investment the dance economy has steadily been growing in relation to participation, training, productions audiences (live and transmitted) and ticket sales. MDI this year celebrates 18 years of the Leap dance festival and with the support of Arts Council England via Grants for the Arts and Culture Liverpool has produced a yearlong dance festival programme for the first time in 2010. The investment has so far generated 10 times the original budget and within the first six months has met or surpassed targets set. So far we have reported:
  - 8 Venues programming dance
  - 26,000 Audiences
  - £580,000 Generated in ticket sales
  - 70559 Reported footfall for outdoor work
  - 6500 Participants
  - 62 events/performances
  - 6 new events /works commissioned
  - Visits have generated an estimated spend of over £ 1.9 million to the local economy

Thus far the investment of £1 has levered £10. MDI similar to a lot of dance providers/producers operates within a mixed economy and has levered funds from local authorities, trusts and foundations enabling us to provide a programme that is attracting new and existing audiences.
2. The recent reduction to an already agreed funding agreement by ACE although small (thankfully ACE was able to minimise the impact to front services), still had an impact. MDI operates to a financial strategy where additional/new sources of funding must continue to be identified in order that the organisation may grow and develop its key artistic and organisational goals, aiming for a neutral budget with full cost recovery. As annual budgets are set so to are fundraising targets, thus when a reduction at any level is incurred it automatically as a detrimental effect on the core activity and services. Be it a standstill or cut, either way it has an effect on the organisation to deliver both frontline and backroom services. MDI is in receipt of grants and private income, any short noticed spending cuts would have detrimental effect to what we can develop and achieve within the plans we have set for the next three years. Front loading cuts would be detrimental as we believe that the arts and artists have a role to play in Britain’s economic recovery, the potential publicised cuts of anything from 10%- 35% would be damaging to MDI and its work and would impact on the return we make on investments we receive.

3. Arts organisations already work closely together to minimize duplication regionally and from a dance perspective in the Northwest of England can be demonstrated in a number of ways. One example is the setting up of the Merseyside Dance Promoters Network (MDPN). Initiated in 2009 by MDI to work with all of the venues in the sub-region to increase the presentation of dance across Merseyside maximising opportunities for more people to see quality dance performances and to build new audiences through the regular promotion of all types of dance across the city. Liverpool Empire, Liverpool Everyman and Playhouse, The Bluecoat, Unity Theatre, Floral Pavilion, Rose Theatre, Black-E and Southport Arts Centre are all part of the network. Through working in partnership we have been able to produce a collective cohesive dance offer for the City and across other boroughs of Merseyside. The partnership is in its embryonic stages and this year is piloting the impact that working in this way can generate. As noted above targets are being surpassed, joint programming is taking place, clash diaries are being minimised, and cross marketing appears to be working. We won’t know the full extent of this way of working until we have fully evaluated its’ impact near year end (December 2010) but so far this model is looking promising.

4. To provide opportunities for the dance sector to thrive through: nurturing artists, supporting promoters and developing audiences across Merseyside and beyond is an essential aspect of MDI’s work. Raising the profile of the role of artists in our society is at the heart of what we do. Providing opportunities to see quality work in Merseyside enables MDI to increase and develop audiences for dance. MDI is working to maintain a high standard of artistic work that is innovative and excellent, through supporting local, regional, national and international artists and companies to create and or tour new and existing work. The development of audiences for dance on Merseyside is an ongoing process, which needs to be coordinated at a strategic level across the sub-region. While addressing the short-term objectives of getting people to watch dance performances in traditional theatre venues, and to increase participation in dance classes for social and health reasons, the development of audiences for
dance needs to take a medium to long-term approach in order to build a sustainable dance economy on Merseyside. Dance as an Artform has a proven role to play in developing and impacting on the type of society we live in. Public subsidy is part of this if government agrees that the arts should be fully acknowledged and recognised for the role it plays. Public money is necessary to enable the stimulation of a mixed economy that is contributing to the development of culture in the UK. Already small the investment that exists already shows a proven return. The economic trends for dance have shown recently that it is an artform in growth\(^1\), not only in the subsidised sector but also in the broadcasting and commercial sectors.

5. The current system we have although in need of some development is a fair one. There does need to be an ability to respond to organisational growth and development and where appropriate reward and support. Increased Lottery distribution to the arts is to be encouraged however the bureaucracy needs to be addressed as to the nature of receipt of such funds due to the present structure of application, no repeat activity etc. Consider the language being used; think investment rather than subsidy, commission rather than fund.

6. National Lottery investment has enabled MDI to develop its production arm and develop more opportunities to share work in addition to acting as a seed fund to other grant givers such as Local Authorities, Trusts and Foundations. MDI welcomes the increase of Lottery to Arts and Heritage but sees this as additional resources rather than to replace public subsidy.

7. Some review of Lottery distribution policy should take place. The Lottery should not only be used for ‘new’ projects but support the added value of work that has been tested before and offers additional sustainability. Repeat activity should not exclude from funding, nor should it simply exist to fund that which has not had funding before. All areas are valid and should be explored.

8. We cannot underestimate the value and impact that such arm’s-length bodies have in acting as a conduit and broker for support, information and advise to the cultural sectors that they serve. Their ability to access additional investments and resources, in addition to their experience and expertise will effect the ability of the sector to maximise advocacy and the evidence of the role of culture in our society.

9. Although MDI raises some of its funds through trusts and foundations, this has decreased and become more difficult since 2008. MDI, like most, I imagine, operates to a financial strategy where additional/new sources of funding must continue to be identified in order that the organisation may grow and develop its key artistic and organisational goals, aiming for a full cost recovery. The process of securing funds is an ongoing challenge and the ability to receive contributions from philanthropists although there has been some success over the years, takes time and resources to nurture and build the relationships, and with fewer donors appearing to be committed to artistic programming and high quality dance promotions the challenge is ever greater.

\(^1\) The *Dance mapping report: a window on dance* – at: [www.arts council.org.uk/dancemapping](http://www.arts council.org.uk/dancemapping)
10. MDI believes that both business and philanthropic giving can play a role in funding the arts but as with Lottery funding not to replace subsidy but to enhance it. If public funding is significantly reduced, the knock-on effect will be profound and the private sector will not make up the shortfall.

11. MDI would welcome the Government’s and other partners support and encourage business and private donations

*September 2010*
Written evidence submitted by Hardish Virk (arts 73)

1. Short Summary:
   i. I have been involved in the arts since the 1980’s as an actor, writer and visual artist and since the early 1990’s I have been leading on marketing, PR and audience development projects.
   ii. During the last 20 years, I have promoted and developed new audiences for exhibitions, theatre, dance, festivals, music in the UK and abroad and this has included work within the subsidised and commercial sectors.
   iii. Clients have included Arts Council England, DCMS, The Really Useful Group, Royal Academy of Arts, National Theatre, Birmingham Repertory Theatre and the British Council.

2. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level:
   i. The arts in this country are globally recognised for their quality and risk taking nature and this will be compromised. It is inevitable that risk taking work will suffer and we will see more traditional and high brow arts being funded and supported as they will be seen by many as an easy sell.
   ii. Associated activities such as audience development and community engagement projects will suffer as fewer funds will be available to support these initiatives. These are integral to getting more communities from diverse backgrounds (cultural, economical, etc.) engaging and participating in the arts.
   iii. The process of retaining existing audiences and developing new ones will be compromised and therefore having an impact on the business of both the arts venue and local businesses.

3. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale:
   i. Many arts organisations can share information, contacts, intelligence and resources so that there is more strategic cross partnership work. Examples including: sharing of databases, distribution resources and audience research intelligence.
   ii. There is also need for more cross sector partnership work so that resources, expertise and skills are shared between, for example, the voluntary, education, arts and commercial sectors. The objective is to identify common goals and benefits and within all this, customers, service users and audiences tend to be the same, regardless of the sector.

4. What level of public subsidy for the arts and heritage is necessary and sustainable:
   i. We need to view the arts as not a luxury or only a leisure activity but an integral part of a civilised and developing society. The arts contribute towards mental well being, employment, local economy, education, physical activity and social inclusion, therefore on this basis, arts should be seen as an important public service and therefore needs to be a high priority for public subsidy. However, there needs to be focus on running some arts organisations as better businesses and for arts organisations to prioritise community and audience development as integral departments within their organisations.

5. Whether the current system, and structure, of funding distribution is the right one:
   i. Arts Council England is more than a funding pot and this has been proven over the last 10 years due to its’ role as an advisor, policy informer and for leading on ground breaking initiatives which have changed the arts landscape in England.
ii. However, there has always been an unfair distribution policy, where a handful (or so) of arts institutions have received a large slice of the funding and the remaining funds have been scattered amongst hundreds of arts organisations and artists across England. The irony is that some institutions have pretty much sustained a traditional audience due to their programming whereas the ones that have to fight for the smaller pot of funding have developed new audiences, set up training schemes to involve non-artists to develop a career in the arts, have created more relevant and risk taking work, etc. Therefore, this is about balance and value.

iii. Generally the system and structure seems fine but the historical loyalty and therefore decision making process can sometimes benefit some over many.

6. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council:
   i. Decisions made by the current government can either allow the UK arts sector to grow and flourish or it will push the sector back many years and the decision to abolish the UK Film Council and the Museums, Libraries and Archives are ill informed and not thought out. These decisions will lay the foundations for a nation that was a world leader in the arts to soon become one that still has the talent but not the infrastructure to support the development of this talent.

7. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level:
   i. UK is very different to the USA in terms of how the arts are supported and in the UK we don’t have the same kind of culture, where the business community financially supports the arts. In the UK, a business or a philanthropist will only support high profile arts institutions such as the Royal Academy of Arts or the National Theatre. More experimental, ground breaking and innovative work will be ignored as it won’t be seen to attract large audiences and offer the same publicity opportunities.
   ii. Of course, the business community can play a role but it can be challenging to encourage it to invest in the arts, particularly if it’s a small or medium sized arts organisation, which doesn’t provide immediate publicity benefits. Arts and Business (A & B) have been brokering partners and offering advice for many years and it would be useful to learn how successful A & B have done in relation to this.

*September 2010*
Written evidence submitted by English Heritage (arts 74)

Summary

- Our heritage is at greater risk as a result of the recession
- Tackling heritage at risk is dependent on public funding and resources, both national and local
- Cuts to public funding, added to other impacts of the recession such as restrictions on credit and the liquidation of developers and construction companies, will make it more difficult to find solutions for heritage at risk.
- Over the past 13 years, English Heritage has received real terms cuts in our grant in aid. This contrasts with increases in funding to the DCMS and to other DCMS bodies.
- English Heritage has already made significant efficiency savings which limit our ability to make further efficiency savings over the next four years.
- If there were further cuts to English Heritage funding, depending on their level, we would aim to protect our core services, target our resources more effectively and generate more income from other sources (depending on our capital allocation from government). We are already working more creatively with other organisations and we aim to do more.
- We hope that the government will allow English Heritage to use income generated from other sources to complete the Stonehenge project for 2012
- Public subsidy will continue to be necessary to address the market failure in funding heritage which provides a public benefit and to conserve and maintain the historic properties which English Heritage cares for on behalf of the nation.
- English Heritage is happy to consider any structural changes which result in better services for the public and reduced costs.
- Changes to the Government’s rules on End Year Flexibility would help us make greater use of private philanthropy.

Q. What impact recent and future spending cuts from central Government will have on heritage at a national and local level.

1. English Heritage is the UK Government’s statutory adviser and a statutory consultee on all aspects of the historic environment and its heritage assets. This includes archaeology on land and under water, historic buildings sites and areas, designated landscapes and the historic elements of the wider landscape.

2. English Heritage monitors and reports on the state of England’s Heritage. Each year we publish the Heritage at Risk survey which is an Official Statistic. The condition of our heritage and the recent trends, including the impact of the recession, provide the context for the consideration of the impact of reductions in funding.

3. In 1999, one in six buildings on the Heritage at Risk Register was fully economic to repair. In 2010 that figure has fallen to just one in eight. The “conservation deficit” – the difference between the cost of repair and the end value – of these 1,218 buildings is now estimated to be £465m, a 10% rise on the 2009 figure. Public funding and resources are critical to ensuring these, our most important national assets, are brought back into viable economic use and are not lost to future generations. **Reductions in public funding alongside restrictions on credit, falling investment returns and the failure of development companies will make it much harder to find viable solutions for our heritage at risk.**
4. There will be impacts at national and local levels, both in the resources available to look after publicly owned historic properties and in the support public organisations give to private and voluntary sector owners. 16% of the properties on the Heritage at Risk Register are in public ownership and public resources, in the form of advice as well as grants, are also vital in bringing back into use properties owned by the private and voluntary sectors.

Impact on publicly owned historic properties

5. A significant part of England’s heritage is owned and managed by public organisations. Reductions in public spending are likely to affect their ability to maintain the heritage in their care. We have already seen evidence of this in the withdrawal of the Higher Education Funding Council’s dedicated funding stream for historic buildings in university estates.

6. There will be increasing pressure to dispose of property regarded as superfluous to requirements – Finsbury Health Centre being one example. This could lead to an increase in sensitive buildings and sites coming on to a flat property market at a time when investors with the capital and experience to take on challenging restoration projects have become increasingly scarce. At the same time, voluntary and charitable organisations may have more limited ability to take on such projects as a result of the falling value of their endowments.

Impact on public sector support for private and voluntary sector owners

7. Public bodies provide a range of practical support to maintain our heritage. English Heritage grants to historic places although modest (about £25m per year) are carefully targeted and enable us to help owners of heritage at risk in ways that other organisations cannot by removing enough of the risk to make it worthwhile for the private sector to invest. For example:

- We invested £250,000 to keep the roof on the Roundhouse in Camden at a time when no long term solution was in prospect. This helped to attract the philanthropic investment which has secured the future of the building and provided new cultural facilities for London and the local community.

- In August this year a £50,000 grant was made to save the lead mining centre at Grassington Moor in the Yorkshire Dales where water erosion had caused such severe damage that the site was on the Heritage at Risk Register. This relatively small sum will pay for emergency repairs and a management plan to ensure a long term future for this important part of our industrial heritage which would otherwise be lost.

When necessary we can make grants available very quickly to save buildings at urgent risk. However, the value of our grants has declined with the real terms reduction in our grant in aid over the past 13 years. This trend will continue if our grant in aid is cut in the next spending round and without our ‘last resort’ assistance, historic buildings and sites will be lost forever.

8. Because our heritage is part of the fabric of our daily lives it is generally maintained by funding from organisations whose primary purpose is not conservation, including for example the Regional Development Agencies’ place-based funding programmes and DEFRA’s Environmental Stewardship programme (administered by Natural England) which is the largest source of funding for heritage in rural areas. English Heritage is concerned that pressures on the budgets of other organisations may result in them no longer supporting heritage projects.

9. At the local level, over £1.1bn will be cut from local authority funding for the financial year 2010/11, with further reductions to come across the course of the next
spending round\(^1\). Reductions in local authority funding will affect their ability to support heritage. Local authority budgets for taking statutory action for repairs and urgent works notices to historic buildings are also likely to be reduced. Partnership schemes involving owners, local authorities, English Heritage and third parties have been particularly successful in tackling some of the more intractable cases, but are now themselves at risk from budgetary cut-backs.

10. The number of heritage staff employed in local authorities has declined by 14 % since 2007, a trend that could accelerate as council budgets are squeezed and local authorities look to make cuts in non-statutory services. Conservation and archaeological officers play a vital role in identifying solutions and putting investors in touch with owners and identifying and pursuing funding opportunities from organisations such as English Heritage and the Heritage Lottery Fund (HLF). Without their expertise the task of removing buildings from national and local ‘at risk’ Registers will become much more difficult.

**Impact on English Heritage**

**Funding History**

11. English Heritage’s recent funding history affects our ability to sustain further cuts. Since 1997 EH has received grant settlements of below inflation, resulting in a **real terms reduction of £130m**. EH funding was cut when DCMS received above inflation increases. Some of the other DCMS Arms Length Bodies have received increases significantly above inflation over recent years. Over the last 10 years, Arts Council England experienced real terms growth of 41%, Sport England experienced 182% growth while English Heritage received a cut of over 11% in real terms.

12. The reduction in our funding over the last 13 years has had a significant impact, including the reduction in the value of our grants referred to above, exacerbated by the fact that construction industry costs have risen above the rate of inflation during that period. English Heritage cares for 420 historic sites and monuments put together since the 1880s as the national collection of historic places and we now have a maintenance backlog at our properties of over £50m.

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1 LGA Briefing June 2010.
2 EH/ALGAO/IHBC Survey 2010
13. Against this background, we have made significant efficiency savings and generated more income to enable us to continue to provide our services. For example, we have relocated our finance department out of London and reduced its cost by £800k per annum. Our admin cost has fallen by 16% in the 3 years since 2006/07. The scope for additional efficiency savings is limited because of what we have already achieved.

14. English Heritage has been highly successful at generating more income and achieved 7% year on year growth in recent years. The income we generate helps to sustain the heritage in the care of the nation and reduces the burden on the taxpayer but our ability to increase income is dependent on being able to invest to improve our offer to visitors. For example, at Kenilworth Castle we invested around £3m which has taken the property from a deficit of £395k in 2004/05 to a surplus of £414k in 2009/10. We are keen to continue to increase the income we generate but this is dependent on the level of capital we are allocated by government.

In year Cuts
15. Government funding for English Heritage has been subject to an in-year cut of £4.24m. To deal with this, we have introduced a series of measures including an immediate recruitment freeze across the organisation, the withdrawal from our successful bid to the Future Jobs Fund and a cut of £1m to our Heritage Protection Reform budget. Further efficiency measures are also being introduced but given the savings that have already been achieved in recent years, each further saving is more of a challenge to achieve.

Future Cuts
16. Despite our funding history, English Heritage is realistic that further cuts are likely as part of tackling the national economic problems. If we are faced with further cuts our response would be to:

- **protect our core services**, especially our expert staff who advise on planning, so that we can be most effective in supporting local authorities and owners;
- **target our resources more effectively** using the National Heritage Protection Plan we are developing to prioritise the resources we (and others) put into the understanding and protection of the historic environment and our Asset Management Plan which will enable us to direct resources towards the most pressing conservation and maintenance needs in the historic properties we care for directly;
- **generate more income** from other sources, where we have been very successful in recent years (as outline above). Subject to the capital allocation we receive as part of the Spending Review we will continue to invest in our sites. We want to dedicate as much of our resource as possible to improving the experience for visitors to our properties. We will therefore be looking hard at which of our assets could release income which we can use to reinvest for greater public benefit.
- **Increase partnership working**, including working more closely with the voluntary sector and other public bodies (this is explored further in the section on working together more closely).

Stonehenge
17. English Heritage was bitterly disappointed at the Government’s decision to withdraw Government funding for the Stonehenge Environmental Improvement Project. As the House of Commons Public Accounts Committee concluded in 1993 the presentation of Stonehenge is a “national disgrace.” Stonehenge is an iconic site, familiar to millions all over the world. 71% of current visitors to Stonehenge are from
overseas and we expect numbers to increase in 2012. In the context of the very considerable investment being put into the London 2012 Olympic Games and Paralympic Games, English Heritage believes it is vital that Stonehenge offers visitors a high quality experience, worthy of the significance of the monument. We therefore hope that the government will allow us to use income generated from other sources to complete the project for 2012.

Q. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

18. English Heritage already works closely with other organisations and we aim to do more of this in future. For example, we already run a joint scheme with the Heritage Lottery Fund for Repair Grants for Places of Worship. We will continue to explore how we can work together more effectively using English Heritage’s practical expertise to help communities identify, prepare and implement projects that can secure HLF support, and ensure that their funding is used efficiently and effectively.

19. Sharing services in back office functions is being promoted across the public sector. In the light of this, the Commission for Architecture and the Built Environment (CABE) recently requested that English Heritage provide them with a full range of finance services. CABE and English Heritage have sought DCMS approval with a view to starting this arrangement through a service level agreement from December 2010.

Q. What level of public subsidy for the arts and heritage is necessary and sustainable

20. Some level of public subsidy is necessary to sustain parts of our heritage, reflecting its the public value and the fact that market solutions will not always be possible.

21. As already mentioned above, our Heritage at Risk Register estimated the “conservation deficit” to be £465m. This is the difference between the cost of repairing designated heritage at risk and the end value, i.e. the funding necessary to attract private investment.

22. A level of public subsidy will continue to be necessary for the maintenance and conservation of the 420 historic sites and monuments put together since the 1880s as the national collection of historic places and cared for by English Heritage. As already stated above, there is a maintenance backlog at our properties of over £50m. Our Asset Management Plan provides us with evidence that if investment in the condition of our sites and properties continues at the current level, the maintenance backlog will increase. If we were able to increase the £14m we currently spend on our historic estate by £6m we could reverse the decline in the condition of the properties.

23. Excluding the costs of conservation and maintenance, we have worked hard to reduce the cost of to the taxpayer of opening the properties we care for to the public by cutting our costs and generating more income. In 2009/10 we made an operating surplus of £2.5m compared with a deficit of £2.4m in the previous year. This is partly due to the increase in visitors due to people holidaying at home but also reflects efficiencies and investments in improving the quality of our sites.

Q. Whether the current system, and structure, of funding distribution is the right one
On 26 July 2010 DCMS announced that it is looking at its responsibility for heritage and the built environment, and considering the role and remit of English Heritage, the Heritage Lottery Fund and the National Heritage Memorial Fund. English Heritage is happy to consider any structural changes that would result in better services to the public and reduced costs. We are working closely with the Department for Culture, Media and Sport to see what opportunities there might be.

In considering the relationship between English Heritage and the Heritage Lottery Fund it is helpful to understand the differences between the grants made by English Heritage and those made by the HLF. As outlined above, our grants are targeted on heritage at risk and we do not require projects to meet multiple objectives. English Heritage grants safeguard important buildings so that they are not lost while a solution can be found by the market, removing enough of the risk to make it worthwhile for the private sector to invest. Around 20% of English Heritage grants for repairs to buildings at risk go to private owners. Almost half go to charitable organisations. When necessary we can make grants available very quickly to save buildings at urgent risk.

Q. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations

The Lottery is a vital source of funding for heritage. Against the background of the impact of past and future public spending cuts outlined above, it is very welcome that the government has made a commitment to redistribute Lottery resources to the original good causes, including heritage.

Q. The impact of recent changes to DCMS arm’s length bodies – in particular the abolition of the UK Film Council and the MLA

The structures for channelling public funding are a matter for Government to decide. English Heritage hopes that the future will be secured for important functions currently carried out by the MLA, notably the Museum Accreditation Scheme and the Government Indemnity Scheme. We also note the Government’s decision to abolish the Advisory Committee on Historic Wreck Sites. We will work with DCMS to identify options for securing the functions of the Committee which is currently administered by EH on behalf of Government.

Q. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

Q. Whether there need to be more Government incentives to encourage private donations

English Heritage raises around £3.5m (net) from major benefactors, legacies and smaller donations and corporate fundraising (the latter is relatively small). Philanthropic organisations and individuals have played a significant role for a number of years, but more so in the larger London-based cultural organisations. A mixed economy of public and private funding is preferable but there will be a limit to what can be raised through philanthropy as organisations will be competing against each other.

There are two reforms Government could make which would improve our ability to take advantage of private giving:
- Releasing Arms Length Bodies which receive philanthropic donations from End of Year Flexibility requirements would make an enormous difference. This would allow for a much greater degree of coordination across projects and forward planning and would respect the fact that donations are not public expenditure.
- Reform of the Gift Aid scheme in order to simplify the process for both membership and admissions would be of benefit to the heritage sector.

*September 2010*
Written evidence submitted by Arts & Business (arts 75)

“On stage and screen there is a constant message of imagination, radicalism and challenge to the status quo. But in the way it runs itself, the arts world is one of the most unimaginative and conservative industries in Britain.” David Lister, Arts Editor, The Independent, 24 August 2010.

“Arts & Business is the most successful arts-funding organisation this country has ever known. When it started, there was barely any private giving to the arts in Britain. In 2008, the figure was £686.7m, falling slightly last year to £654.9m. By 2016, the figure will be £1 billion, according to A&B’s forecasts.” Bryan Appleyard, Cultural Commentator, The Sunday Times, 29 August 2010.

Executive Summary

1.1 With 70% of arts organisations seeing private investment as more important to them over the next three years, and with the private sector due to recover faster than the public sector, the Government has an opportunity and responsibility to review its strategy on cultural philanthropy and private sector investment into the arts. The DCMS and the Arts Council need to consult carefully with their strategic partners and funded bodies to clearly define objectives, roles and outputs. Only together can we augment public funding with new and innovative private sector models.

1.2 We have identified the two priority aims for government, business and the arts sector in terms of increasing private sector investment: to expand the earned income base and increase private giving.

1.3 Arts organisations need to work harder in innovating new income. Making a greater use of existing intellectual property rights or the potential of digital engagement with audiences are tangible examples of how this can be done. Arts & Business has worked for 34 years to produce some of the most innovative cultural-business partnerships.

1.4 The way that Arts Council England funds the arts needs to change. We need to move away from a grant-giving model to rewarding innovation and diversity in funding over the 2011-2014 period. Targets around innovation and private sector investment must be set in order for the vast amount of organisations which do not bring in sizable private sector investment to work towards. Arts Council England must then work with its partner Arts & Business to raise the sector to the next level.

1.5 Individual giving must be further encouraged and existing fora used to promote giving (Arts & Business’ Cultural Champions programme is a leading example). There is a need for further clarity in the existing tax laws, as well as the preservation of the higher rate of benefit directed to the donor under the present gift aid system. Also HMRC need to be more donor-orientated and understanding of the needs and motivations of giving.

1.6 The arts sector must see itself as part of the wider third sector where it has a great role to play in the development of the Big Society.

What impact recent, and future spending cuts from central and local Government will have on arts and heritage at a national and local level?

Whether the current system, and structure, of funding distribution is the right one?

What level of public subsidy for the arts and heritage is necessary and sustainable?
2.1 Given the proposed public spending cuts of between 25-40% never before has there been a greater need for the UK government to adopt a coherent policy to promote private sector investment into the arts. Arts & Business has 34 year experience in channelling private sector investment from companies, foundations and individuals into the arts as well as working with arts organisations to facilitate, innovate and celebrate initiatives giving a more entrepreneurial sector. Arts & Business arts members receive four-fold more private sector income than non-members.

2.2 The Chancellor challenged the nation to a dialogue on prospective cuts. Arts & Business with the National Campaign for the Arts responded by creating the Forum for Arts, Culture & Heritage with our combined arts memberships of over 1,650 cultural bodies, to identify the impact of where cuts might fall, where growth can come and how we can build a robust and sustainable cultural sector in the future.

2.3 The Forum notes that very few arts organisations work on an equal mix of \( \frac{1}{3} \) public, \( \frac{1}{3} \) private and \( \frac{1}{3} \) earned income – according to Arts & Business’ Private Investment in Culture 2008/09, the average UK arts organisation receives around 53% of its income from public funding, 32% from earned income and 15% from private investment. Most of the larger publicly funded arts organisations already earn more income than they receive in public subsidy, but most grassroots organisations need to expand – if not double - their earned income as a priority.

For instance Arts & Business research has recently found that around 40% of the sector currently receives no private investment and from the organisations that do, only 8% have a legacies programme.

2.4 Generally, organisations outside London find it harder to raise private income. Arts organisations working in the public arena such as health and criminal justice rely extensively on public service contracts and funding. Regional arts organisations also face a double-whammy in that local authority budgets are even more vulnerable, as all local authorities face cuts of at least 25% if not more and they tend to cut culture first.

2.5 What does this mean for private investment? Arts & Business’s recent research into regional private investment found:

- 50% of business investment in England goes to the regions outside of London and this £77m of business investment received in the regions accounts for 38% of their overall private income).
- Individual giving continues to rise in the regions - it increased by 38% in 2007-08 - two years after Arts & Business’ individual giving training was rolled out across the country - and by a further 4% in 2008-09, rising to £42m, despite the drop in the UK private sector investment of 7% overall.

The Forum noted that public sector cuts should be back-loaded with deeper cuts coming at the end of the 2011-2014 spending period.

The Private Sector Policy for the Arts

3.1 Given the threats to public spending in the arts, Arts & Business believes we have a once in a lifetime opportunity to rewrite and reboot the arts economy and grow private sector investment. This is the motivating driver behind the five initiatives which make up the recently published Arts & Business Private Sector Policy for the Arts:

3.1.1 Firstly a new Challenge Fund Scheme to stimulate individual philanthropy for the Arts: we believe Challenge Funds are as important as tax incentives for promoting greater giving. Arts & Business has launched a new pilot challenge fund for the arts with an initial fund of at least £500,000 working with 145 registered arts organisations. In partnership with UK philanthropist Alec Reed and his Big Give initiative, Arts & Business has designed The Big Arts Give as a model dramatically reanimates individual cultural philanthropy in this period of economic difficulty and looks to raise £3 million by Christmas 2010.

3.1.2 A Legacy Campaign for the Arts: many arts bodies with an annual turnover of under £5m have little or no knowledge on how to plan fundraising from non-public income streams over a 3 year period. Many do not have, or have only just started to think about, a major gift programme. Furthermore, according to Arts & Business latest Market Trends survey (August 2010) 68% of respondents don’t currently have a Friends/members scheme. The majority of arts organisations are also under-exploiting the potential of legacies within their fundraising activity. Out of 783 arts and cultural organisations that responded to the Arts & Business “Private Investment in Culture 08/09” survey, only 66 reported that they had a legacy scheme from which they received financial support. The total (extrapolated) value of this support to the sector was approximately £65 million.

3.1.3 A Matching Fund to encourage corporate giving to the arts: respondents to the Arts Council’s Great Art for Everyone consultation requested help with identifying alternative sources of funding and were keen to see brokerage of commercial sector investment in the arts sector. We do not believe that it is practicable for a public body to deliver sponsorship brokerage in the volume required for individual arts organisations, however we believe that other forms of “brokerage” and incentivizations are feasible.

The revival of the Arts & Business matching sponsorship grant scheme was the top recommended activity as voted for by arts respondents to our survey. Further evidence (from A&B Scotland research) suggests that matching public funds drive increased business support. Given the current economic climate, however, and desire to make every public pound deliver maximum value for the sector, we propose to deliver a matching fund financed jointly by government and existing regional business supporters of the arts, who wish to encourage other new sponsors to follow their example by offering them a pound for pound matching scheme. This tried and tested model, run by our Sponsors Club for Arts & Business in the North East region, has been running successfully on a regional scale for 10 years. Now with government investment, we propose the national roll-out of an enhanced model, with upwards of a minimum initial investment of £250,000; which we would use to raise an equal sum from regional business to create a matching fund of £500,000, which is in turn used by arts fundraisers to develop new or returning sponsorship relationships on a £2 for £1 basis; delivering a leveraging ratio of public investment of £1:£5. We would welcome partnership working with ACE on the distribution of such funds.

In our recent consultation with the sector through our 2010 Have your Say survey, 67% of arts organisations have chosen one of the two ‘Matching programmes’ outlined above as their primary priorities for Arts & Business to deliver, exemplifying the extent to which incentives are seen as important to encourage more business investment and individual giving.

3.1.4 Greater understanding and reform of cultural tax incentives to underpin a vibrant arts mixed economy: over the past two months Arts & Business has worked in partnership with Ernst & Young to produce clear and definitive recommendations on tax. Too few people understand gift aid or the present HMRC rules affecting high donors.

- The composite rate of gift aid is not adopted. Given that 80% of higher rate gift aid tax relief is currently claimed the composite rate would destroy this incentive and therefore much high-level giving. As a counter, we would recommend that instead light touch steps are introduced to ensure that the remaining 20% is actively sought out.
• That the system of valuing benefits within Gift Aid is clarified, possibly through a clearer “split payment” system or the abolition of the “aggregate value test.”

• That appropriate changes are made to enable philanthropists to create light touch private foundations to help facilitate their philanthropy.

• That tax breaks should be introduced on the gifts of works of art, heritage, or archive items to the nation.

• That the US model of Lifetime Legacies (or Charity Gift Annuities) be adapted and then adopted in the UK.

As the only representative body of the arts on the Treasury tax group on charitable giving we are proposing our tax recommendations on behalf of the sector.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?

4.1 Arts & Business argues that there is a need to increase the final 1/3 or earned-income element of the arts funding ecology. Arts organisations need to work harder to ‘sweat their assets’ as well as collaborating together when possible to reduce costs and maximise access to audiences and new income streams.

4.2 Mergers and acquisitions are just two ways to reduce duplication and make economies of scale for instance joining back office functions and structures is a particularly sound strategy – according to Arts & Business’ most recent Market Trends survey (August 2010) with 250 arts organisations representative of the whole sector, 32.1% are considering merging/ collaborating with other similar organisations and 13% are already merging / collaborating with other similar organisations. This exemplifies that a number of arts organisations are proactive in this area and are already considering how this can best be done. Two immediate examples:

4.2.1 The museums model of hub and spoke organisations in the regions, funded via MLA’s ‘Renaissance in the Regions’ programme;

4.2.2 And joint purchasing models such as the consortium of London museums which has negotiated a bulk purchase deal for electricity.

4.3 Underlying this is our need as a sector to work harder to understand the relationship between public and private funding. The production of the Woman in Black took £5k subsidy and turned it into £8m of Treasury income after becoming a blockbuster West End hit.

4.4 The best of the arts world is formed through ongoing partnerships with business which deliver private funding – but also the business methods, planning and ethos of the private sector. Bridging the divide between the two has been one of Arts & Business’s key priorities for the past 34 years.

4.5 A further highly commended example of this partnership in action is that existing between Lansons Communications and HighTide Theatre Company. Since 2008, Lansons Communications and HighTide have enjoyed a relationship that is unique between an arts charity and business. Lansons Communications donate to HighTide office space, IT support, meeting rooms, and reception services. What the charity saves annually on administrative overheads is reallocated towards achieving its charitable aims through the production of more theatre. Lansons also contribute business planning and strategy services.
The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council?

5.1 We believe the concept of so called “arms-length” bodies should be reviewed. This was a proposition introduced to prevent political interference in the arts when the Arts Council of Great Britain was established in 1946.

5.2 Our Forum for Arts, Culture & Heritage agreed that the swift and stark announcements of the abolition of the Museums, Archives and Libraries Council (MLA) and the UK Film Council were decisions taken without an apparent clear plan for understanding which functions should simply cease and which should be absorbed by other organisations. Arts & Business believes in the interests of transparency and accountability more consultation with the arts and creative industries is need before decisions like this are taken.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?

Whether there need to be more Government incentives to encourage private donations?

6.1 At present individuals give £363m to the cultural sector. 48% of this is paid as membership to Friends schemes and other structured giving programmes. 18% is in the form of legacies and the remaining 34% are donations. Businesses currently contribute around £157m, mostly through sponsorship, and according to an Arts & Business survey in November 2009 with key businesses already working with the arts; by 2013 all respondents expect to either increase or maintain their levels of business investment to the arts.

6.2 Looking at the UK wide-picture, cultural organisations outside of London are only raising 20% of income from philanthropy. We argued in at point that 2.6 that regional organisations raise 50% of the total business support given to the arts in this country. This year, cultural organisations outside of London were responsible for 46% of the nominations for The Prince of Wales Medal for Arts Philanthropy, which celebrates cultural philanthropists of national significance.

6.3.1 Arts & Business believes that this form of support from individuals will be able to play an increasingly important role in the future funding of the cultural sector. However, this will only happen if the cultural sector is seen as a success. Individuals are unlikely to support organisations seen as failing – even if that failure is solely the result of a cut of its public funding. Indeed the cultural sector must become better able at asking for money and maintaining their subsequent relationships with their donors (“donor care”).

6.3.2 Vital parts of this much-heralded “American style of philanthropy” include effective donor care, a tax environment that continues to send the important message that giving money to charity is a good thing and a society which better encourages and celebrates those who choose to support the arts at whatever level.

6.3.3 Arts & Business will achieve this through:

- The Prince of Wales Medal for Arts Philanthropy given to five nominated couples or individuals this year
- Celebrating people across the UK who support their local cultural organisations through the Cultural Champions programme.
• Sharing best practice through case studies and events.
• Training cultural fundraisers in the skills they need to develop this income (see appendix).
• Ensuring both cultural organisations and their donors understand - and take - full advantage of the tax incentives available.
• Undertaking targeted impactful research to determine how best these organisations can develop income from individuals.

6.4 ‘The Arts & Business Cultural Champions initiative provides not only a real sense of pride for those already passionately involved and being recognised as champions by the scheme, it also helps others open their eyes to the big and small ways they too can support their local arts and cultural organisations. Whether it’s giving their time, money or skills, anything that gets more people involved, particularly in the current recessionary environment, is a win for the arts organisations and the communities they belong to’.

Simon Inch, Cultural Champion for the Tobacco Factory Theatre, Bristol

The Big Society

“If the Big Society means we aspire to create more civilised places where humanity prevails, and the individual spirit thrives, then artistic and cultural activity is not just indispensable, it must sit at the core, and national and local government must work together in one cause. Sir Andrew Motion – 15th July 2010.

7.1 Arts organisations are great community assets and place-makers uniquely able to bring together the community and facilitate social change.

7.2 They also can provide an alternative to the Big State by providing opportunities for work, commercial development, the creation of social enterprises using the arts as a conduit back into education particularly for hard to reach NEETS and volunteering opportunities for the wider locality.

7.3 Arts centres should be further encouraged to combine their highly sought after attributes: venue, form, appeal to wide sections of the community as well as good links to local businesses and patrons both high net worth and medium level givers so that they are recognised as key elements of the Big Society initiative.

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations?

Whether the policy guidelines for National Lottery funding need to be reviewed?

8.1 Arts & Business welcomes the recent consultation on the National Lottery Distribution Fund changes which will lead to at least £50 million a year extra into the arts by 2012.

8.2 In fact Arts & Business would support the proposal to increase the share for the arts to 20% to be made by 2011 rather than the 18% proposed by DCMS thus bringing in an additional £50 million a year to the arts in 2011. We have argued that this funding should be used by the Arts Council – in partnership with Arts & Business to establish challenge funds to motivate further regional individual giving around the country – much in the style of The Big Arts Give.
Appendix

A reminder of Arts & Business’ value:

- For every £1 received by A&B, we help lever between £4 to £6 from the private sector
- Total private sector income for A&B arts members is 24% to 30% higher than for non-members
- Equates to an additional £65m to £79m received by A&B arts members over and above that received by non-members in 2008/09
- RFO non-A&B arts members generate only 1/12th of the private sector income of A&B arts members

Arts & Business key facts:

As the leading agency training the arts community:

- Arts & Business delivered 965 free advice sessions to the cultural sector in 2009-10, an increase of +21% on 797 delivered in 2008-09
- In 2009-10 we ran 197 training sessions for 2,166 participants; an increase of +185% and +177% respectively on previous year when we ran 69 sessions for 782 participants – that equates to an almost three-fold increase in training participants.
- The effectiveness of Arts & Business training is rated at 93% by participants

September 2010
Written evidence submitted by The Heritage Alliance (arts 76)

Summary

- Heritage-led tourism alone generates a return four times as great as the whole DCMS budget and many, many times greater than central government expenditure on heritage.

- Heritage missed out on the ‘golden age’ for the arts and culture. DCMS funding for heritage fell by 19% 2000-2010 while spending on arts rose by 42%.

- The Heritage Alliance recommends a proportionate approach to Departmental public spending cuts given that DCMS is the Government’s second smallest Department and that much of the heritage economy lies outside DCMS control.

- The Heritage Alliance recommends focusing this comparatively small public expenditure judiciously and creatively:
  - to support the broader heritage sector to deliver economic, environmental, social and educational benefits
  - to attract public, commercial and private investment as well as civil society action.

Introduction

The Heritage Alliance is the largest coalition of non-government heritage interests in England. Together its members own, manage and care for the vast majority of England’s heritage.

Established in 2002 by the voluntary heritage groups themselves, the Alliance brings together 83 major organisations from specialist advisers, practitioners and managers, volunteers and owners, to national funding bodies and organisations leading regeneration and access projects. Their specialist knowledge and expertise across a huge range of issues is a highly valuable national resource, much of which is contributed on a voluntary basis for public benefit. They are supported in turn by thousands of local groups and around 5 million members, with a huge volunteer input – some 485,000 a year.

The Heritage Alliance believes that our heritage offers a firm foundation for economic and social recovery:

- Heritage tourism contributes £20.6 billion to GDP a year supporting a total of 466,000 jobs¹. The Prime Minister acknowledged that “Heritage is a key reason why people come to Britain; we should play it up, not play it down.” (Serpentine Gallery, 12 August 2010)

- Increased visitor numbers have mitigated the impact of the recession even at this stage in the economic cycle, and tourism is expected to grow by 3.5% between 2009-2018 - well above the general prospects for growth².

- The Lake District initiative found that every £1 expenditure on farm building repairs resulted in a total output of £2.49³.

- On the basis of repair costs over 30 years, the cost of repairing a typical Victorian terraced house is between 40 and 60% cheaper than replacing it⁴.

¹ HLF/VisitBritain: investing in Success, March 2010
² Deloitte and Oxford Economics; The economic contribution of the visitor economy: UK and the nations 2010
³ EH etc, Building Value: public benefits of historic farm building repair in the Lake District, 2005
• Local businesses positively rate historic environment regeneration schemes for raising pride in their local area, enhancing community identity and encouraging more people to come to the area\textsuperscript{5}.

• In a survey of historic environment regeneration areas, over 90% of people who lived and worked locally agreed (and over 30% strongly agreed) that these projects had improved their quality of life\textsuperscript{6}.

• Our heritage continues to inspire: the number of voluntary archaeology groups active in the UK has doubled since 1987 representing over 200,000 individuals\textsuperscript{7} and across England there are hundreds of thousands of volunteers actively engaged in caring for their local historic environment which adds to the public sense of wellbeing.

• 4 out of 5 young people aged 11-14 say that knowing more about buildings and places around them makes them and their peers behave better\textsuperscript{8}.

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**INQUIRY QUESTIONS**

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

   1. The main sources of heritage funding are:
      • Private investment by owners/managers, including the development/tourist industry, in maintenance as well as regeneration and enhancement programmes, and investigation and interpretation work to enhance public benefit.
      • The National Lottery, specifically HLF funding but also Arts Council funding and BIG for community projects; National Heritage Memorial Fund
      • Private philanthropy, including independent trusts and foundations; non financial philanthropy – in-kind donations and volunteering.
      • Central government, primarily through DCMS, CLG, and DEFRA, their agencies and sponsored bodies; local government and partnerships.

2. The DCMS budget of £5.3bn for 2008/9 amounted to 0.8 % of total government spending, and the architecture and history element is just 4% of that (£0.23bn). As much of the heritage economy operates outside DCMS direct control, any reduction in funding will have a much greater impact than this tiny figure suggests.

3. DCMS funding to English Heritage (EH) supports the heritage protection regime and the wider heritage industry to achieve public policy objectives. DCMS figures show EH funding was cut even when DCMS itself received above inflation increases and when other DCMS Arms Length Bodies received increases (Arts Council England (+41%), Sport England (+182%), Museums, Libraries and Archives Council (+199%). So heritage missed out on the ‘golden age’ for the arts and culture.

4. Since 1997, EH has received grant settlements of below inflation, resulting in a real terms reduction of £130m. As a result, past economies have squeezed the grants made by EH, now £32.3m (2009-10). Heritage projects are rarely wholly publicly funded with most forms of grants attracting private funding, usually much more than the grant itself.

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\textsuperscript{4} HM Government: the Government’s Statement on the Historic Environment for England 2010
\textsuperscript{5} Amion/Locum Consulting/English Heritage (unpublished) : The impact of historic environment regeneration, June 2010
\textsuperscript{6} Amion/ Locum Consulting/English Heritage (unpublished): The impact of historic environment regeneration, June 2010
\textsuperscript{7} CBA: Community Archaeology in the UK, 2010
\textsuperscript{8} Engaging Places: Unforgettable Lessons, July 2010
They support local businesses not only in the repair and development stage but subsequently by attracting other investors in turn so the impact of cutting EH grants is far greater than the sums disbursed.

5. Previous cuts may have been partly masked by the property boom, but the legacy of the recession together with the increase in VAT from 2011 is going to put enormous strain on this remaining resource. Cutting the few funds available to historic fabric, especially those ‘at risk’, regardless of ownership, will make the sector even more heavily dependent on HLF project-orientated funding which is not assured after 2019 and which is not available to capital projects in the private sector.

Cutting English Heritage support to buildings on the Heritage at Risk register by 40% would have resulted in the loss of up to 460 Grade I and II* buildings during the period 1999-2010.

6. Executive capacity is also under scrutiny. Our recommendations for English Heritage’s strategic priorities 2010-15 identified its key responsibilities as being the formal adviser to government and in supporting the sector through grant giving, advocacy and professional expert advice. For English Heritage to do more for less, it needed to work more effectively in partnership. We recommended that English Heritage would be wise to invest strategically in partnership working, in order to deliver more of its objectives in the longer term. DCMS operates through a range of smaller NDPBs. These, frozen like English Heritage under the last government, have already taken a 3% cut this year and are vigorously pursuing independent revenue. If cut too far, too soon, they will not have the capacity to develop alternative income streams.

7. Turning to non DCMS funding, one significant source of heritage funding is the Common Agricultural Policy (CAP) for the way it affects countryside management. DEFRA funding for heritage within the £3.9bn Environmental Stewardship Scheme 2007-13 is essential in drawing down the European commitment and stimulating private sector funding. It illustrates again that without government intervention, some significant sources of funding could be put out of reach.

Without the dedicated £8m per annum funding for traditional farm buildings under Rural Development Programme for England (RDPE), it is estimated that 300 buildings per annum and, over the 7 years of the RDPE (2007-13), 2100 buildings would become derelict through lack of maintenance, to the detriment of our historic landscapes and their economies.

8. Local government involvement in heritage - non-statutory leisure and cultural services as well as planning and historic environment services - is absolutely critical in generating the local identity and civic responsibility that are the twin foundations of localism. So much is in a state of flux that predictions are difficult but already we are seeing plans for across the board redundancies and closures in non statutory cultural resources such as museums.

9. Regular research into the provision of historic environment staff in local authorities has been carried out by the Institute of Historic Building Conservation (IHBC) and ALGAC with English Heritage.

The IHBC survey of building conservation staff shows a continued and dramatic decline from 2006 to date. In 14 months from November 2009 to January 2010 the numbers of building conservation staff in local authorities has declined by 6.9%. This decline in staffing resource is almost double the rate of loss over two years between 2006 and 2008 and highlights the negative impact local authority cuts are already having on the
protection of our heritage. Current reports from Local Authorities show that this trend is continuing even more steeply.

Only with a trained workforce can we ensure the historic environment attracts that all-important inward investment through the planning system. We urge the case for proper resourcing for historic environment services in the forthcoming review of local authority finance, and secondly for DCMS and English Heritage to have sufficient resources to work alongside CLG in integrating heritage protection and its resourcing within the new planning regime. It is essential that local authorities have the appropriate resources to inform and operate the planning system for example through Planning Policy Statement 5 (PPS5) to ensure that full public benefits are unlocked.

10. Central and local government funding affects non-government heritage bodies, some of whom - including The Heritage Alliance - benefit from EH’s National Capacity Building programme. National and local groups deliver especially strongly on the two main strands of the Big Society concept - social action and community empowerment. The grassroots nature of most heritage organisations means they are an important part of civil society, well used to making small amounts of government money galvanise voluntary action and philanthropy to transform their communities. The heritage sector can point to the Building Preservation Trust movement over the past 30 years as leading the way in mobilising the Big Society. For many of these community groups, local authority support - valuable in itself - unlocks other sources of funding.

11. Big Society can’t just be about cutting funding and expecting others to deliver projects instead of Government. Targeted investment in partnerships with non-government bodies stimulates national and local activity, endorses the shift towards civic responsibility and is a legitimate subject for public subsidy.

2. **What (arts) heritage organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale.**

**Non government heritage sector**

12. Given the diverse interests and huge voluntary input in the heritage movement, co-ordination is more appropriate than amalgamation. There are successful mergers, shared offices and hubs, but the majority of the Alliance’s 83 members and their local organisations are sustained by voluntary effort where diversity and autonomy is an asset.

13. Most generic groups have a national umbrella body. There are a number of sub-sectoral forums such as the Joint Committee of National Amenity Societies, the Archaeology Forum and Placesofworship@thealliance that work together to reduce duplication of effort and make economies of scale. The Historic Environment Forum (previously known as HEREC) the overarching forum, brings together government and non-government interests. The History Matters Campaign in 2006 demonstrated a novel national partnership led by English Heritage, Heritage Lottery Fund, The Heritage Alliance, the National Trust and Historic Houses Association to celebrate public enthusiasm for our heritage. Due at least in part to the Alliance’s success since 2002 in promoting collaborative working, heritage organisations inside and outside the public realm are working together far more closely than ever before.

**Public heritage bodies**

14. In reconfiguring our public heritage bodies the aim should always be to optimise outcomes rather than necessarily preserve the status quo. Better co-ordination between Government Departments responsible for heritage is something The Heritage Alliance has been calling for since 2004. The Secretary of State Jeremy Hunt told us in March 2010 that once in government he would ensure regular ministerial meetings between
DEFRA, DCMS and CLG. It is vital that such a small Department as DCMS has the expertise and capacity to integrate heritage interests across other Government Departments.

15. The ‘agencies of place’ - English Heritage, CABE and Natural England - might explore efficiencies by working more closely together. An amalgamation of English Heritage and the Heritage Lottery Fund seems somewhat mismatched on grounds of geography and their different remits (historic environment/heritage including biodiversity) but the two most critical issues are:

- their objectives – sustaining the historic fabric, support to infrastructure, property manager (EH) compared with fixed-term project funding (HLF)
- public money is not the same as government money.

Whatever firewalls might be invoked, the real danger is of eroding the independence of HLF: indeed, already prevalent is the idea, put forward by two Government Ministers, that HLF with its enhanced funding after 2012 can somehow compensate for the loss of the Government’s Listed Places of Worship Grant Scheme. Any such convergence between lottery funds and the Government’s regulatory functions and grants should be avoided. Any review of relevant public bodies should always include proper consultation with the sector and an assessment of the impact of previous organisational change.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable**

16. Public subsidy, direct and indirect, comes via many channels. There is no global figure for public and private investment in our heritage so what we are examining here is more a new balance between state, market and civil society. A ‘funding follows function’ approach is more likely to result in a sustainable solution than salami slicing all budgets.

4. **Whether the current system, and structure, of funding distribution is the right one**

17. We welcome the intention to restore the original shares in the National Lottery, but the Heritage Lottery Fund alone cannot solve the national deficit. Similarly philanthropy is not a magic bullet, nor can civil society take on government functions without additional resources. A mixed economy is the most sustainable model, where Government accepts responsibility through funding as well as legislation and policy.

18. Public subsidy comes under two broad categories:

*Direct funding:*

- Regulatory powers: operating the heritage protection system with related advice
- Providing and encouraging the necessary evidence base
- Specialist capability to work with other government departments/agencies and partners on legislation, policy and funding

*Enabling funding that supports others – private investors, owners, philanthropists, the non government heritage movement – to achieve public policy outcomes including Big Society as well as cultural and economic objectives:*

- Providing incentives for action: grants and fiscal incentives
- Support for implementation.

The Alliance recommends a shift from direct funding, with Government retaining unique, statutory responsibilities but avoiding duplicating front line services, towards a more enabling framework, including tax incentives as well as subsidy, so that more is delivered by a mixed economy in the longer term.

19. EH is already in discussion with heritage groups over transferring certain functions. Our difficulty is that although we can perhaps deliver services more cheaply than our
government colleagues, we can not take on additional roles without financial support which means the efficiency savings are relatively small. Secondly there are certain functions - such as policy guidance, research and evaluation - that require formal government status and are simply inappropriate for a non government organisation.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations

20. The current proposal to restore the lottery to the original good causes by 2012 could give HLF an extra £50m a year. This welcome uplift will conserve and enhance more of our heritage for social and economic benefit. It will increase public access and understanding and help sustain traditional and specialist conservation skills. It will generate social capital by supporting the professional development of the not-for-profit sector; increasing the level of self-help by enabling more voluntary sector organisations to rescue historic buildings and to find viable, new, community, uses for them; develop community engagement skills with emphasis on underrepresented groups and areas; and increase volunteering opportunities and support to community organisers. It is also likely to bring not-for-profit heritage organisations into innovative partnerships with private and public bodies.

21. We are, however, concerned that the related proposal to cap the Lottery distributors’ administrative costs at 5% could lead to fewer larger grants rather than the smaller grants, which are proportionately more costly to administer but which ‘grow’ the voluntary and community sector. We also value the HLF professional research function which enables it to review the social and economic impacts of projects undertaken by a diverse range of recipients. One such figure is the £20.6bn that heritage-led tourism generates. Other figures relate specifically to the voluntary and community sector: again HLF uniquely has the data and professional expertise to extract the community benefits of heritage investment.

6. Whether the policy guidelines for National Lottery funding need to be reviewed

22. Increased lottery funding, however timely, is not a universal panacea. Lottery money should not be allowed to become a substitute for funding that would normally fall to mainstream Government spending and we would welcome Government commitment on this. To have a clear idea of the make-up of all Lottery Distributors’ grant-giving and the proportion going to the voluntary and community sector, it would be helpful to see this figure published annually.

23. Much of our heritage is in private hands. Sustaining the quality of place - the villages and streetscapes, the gardens and historic landscapes on public view - is at the discretion of many private owners, who derive no direct financial return. We accept that the HLF does not usually grant aid private owners but it may be timely, subject to national consultation, to review the eligibility criteria.

7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council

24. Museums are a key route for the public to access interpretations of our heritage, and house many important heritage collections. With the abolition of the MLA there needs to be an appropriate body tasked with providing strategic leadership for museums. Its loss creates uncertainty about programmes and jobs funded through the Renaissance programme. We would like to see an urgent clarification of the future of the Portable Antiquities Scheme.

8. Whether businesses and philanthropists can play a long-term role in funding (arts) heritage at a national and local level
25. We believe that businesses and philanthropists can play a long term role in funding heritage but the different drivers for philanthropy for heritage and arts should be considered when devising incentives. The long gestation of capital projects, and the nature of maintenance and access work compared with say productions and exhibitions, may not be as attractive to some philanthropists who want to see a more instant return. ‘Red carpet’ opening nights, concentrated in London, make attractive media coverage for arts sponsors. Projects may be more attractive to private funders than say capacity building, even though this can then unlock much more ‘in kind’ support through the voluntary sector. In terms of promoting Big Society therefore, Government might explore incentives for this form of philanthropy. Individuals too spend taxed income on their property, their cottage or vintage motorbike - not always but often - regardless of commercial return. That sense of stewardship - for public benefit – is a form of philanthropy that falls outside the usual interpretation. Accordingly, different motives need better refined incentives.

26. There is of course a significant financial contribution made by the development sector through PPS5 which enables an increased understanding of the historic environment and provides increasing opportunities for public engagement. In considering further reform of the planning system it will be important that the principles espoused in the PPS are supported to ensure that this investment continues.

9. Whether there need to be more Government incentives to encourage private donations
27. We support Gift Aid on donations and have taken part in several initiatives to help improve take-up. We support an extension of the Acceptance in Lieu scheme to include some form of lifetime giving for example to keep important artefacts in situ. Ways of making Heritage Maintenance Funds more attractive in order to support the conservation of historic houses open to the public are put forward by the Historic Houses Association. Adjustments to these schemes could safeguard some outstanding historic properties and their contents.

28. It may be that legacies are a significant form of donation in the heritage world. A form of lifetime giving could give the donor the benefit of an income during their lifetime (as well as appropriate recognition) and furthermore give the recipient charity an indication of future donations. This might have widespread appeal, and we recommend that this be considered in a review of Inheritance Tax.

10. The Committee will also examine other areas of interest that are raised during the course of its inquiry.
29. VAT at 20% from 2011 will add a fifth to the cost of repairs and maintenance, adding to pressure on public and private funds yet the possibility that the UK might take up the EU option of reducing VAT to 5% on repair and renovation to private dwellings seems remote in the present political climate. The Alliance has constantly campaigned for a reduction in VAT arguing that the dynamic effect of a reduction would more than compensate in terms of jobs created and welfare benefits saved.

30. The Alliance and its places of worship grouping have campaigned with others to raise awareness of the value of the Listed Places of Worship Grant scheme which is due to end in March 2011. The loss of this scheme would be a serious blow to those struggling to keep these landmark buildings in community use, not only in financial terms but also in recognition of heroic efforts.

*September 2010*
Written evidence submitted by Arts Council England (arts 77)

1. Arts Council England works to get great art to everyone by creating the conditions for the making of excellent art and ensuring that as many people as possible can experience the art that is produced. We support a range of artistic activities from theatre to music, literature to dance, photography to digital art, arts festivals to crafts. We believe that support of the arts is crucial to our prosperity as a nation and the wellbeing of its citizens.

2. Arts Council England has two funding streams – Grant-in-Aid, and proceeds from the National Lottery. The bulk of our Grant-in-Aid is currently invested in a portfolio of around 880 Regularly Funded Organisations (RFOs), which will receive £1.03bn between 2008 and 2011. RFOs include large national organisations such as the Royal Shakespeare Company and English National Opera, high profile regional organisations such as Nottingham Contemporary or Sage Gateshead, and smaller organisations such as the British Federation of Brass Bands.

3. We also invest Grant-in-Aid funding in new opportunities for the development of the arts, through programmes such as Take it Away, which provides interest free loans for the purchase of musical instruments, and the Cultural Leadership Programme, which supports the development of leadership skills for arts organisations.

4. Lottery money is invested in grass roots arts projects through our Grants for the Arts programme. The minimum you can apply for is £1,000. Grants for the Arts supports projects that engage people in England in arts activities, and help artists and arts organisations in England to make art. It is the main way we support experimentation and invest in new artists and organisations. In the period 2008-2011, £154 million of Lottery investment will also see the completion of several big capital projects and some major new arts spaces. Recently completed projects include Corby Cube and Dance East in Ipswich; to come are the Royal Shakespeare Theatre in Stratford and the Visual Arts Facility in Colchester.

5. We are currently modelling for cuts of 25 – 30%. Any cuts need to be spread intelligently over four years so that they can be managed in the best way as sudden, large cuts will cause damage that will take many years to recover from.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations

6. On 24 May 2010, the Department for Culture, Media & Sport cut the Arts Council’s 2010/11 budget by £19 million. This cut was in addition to an earlier reduction of £4 million, meaning that our 2010/11 budget was reduced by a total of £23 million.

7. We worked hard to ensure that cuts to our RFOs was limited to 0.5 per cent but this relatively minimal reduction was only made possible by the exceptional use of £9 million of
our historic reserves which we had previously been unable to access. Had we not been able to use these reserves, we would have been forced to pass on a 3 per cent cut to our RFOs. As part of the deal to allow us to use our reserves in this way, £7m was given to the Department. £5m will be returned to our baseline next year.

8. In order to meet this budget reduction we also had to make additional cuts to our two highest funded organisations not directly producing art (Arts & Business; Culture Creativity & Education); make an additional £0.4 million cut to our operating costs (bringing savings on operating costs to a total of £6.9million this year); postpone a major public engagement project, cut our audience development plans, and cut funds for partnership working with local authorities and the public sector.

9. Future cuts will have a far greater impact. Arts Council England has been asked to model 25 - 30% cuts over 4 years and we have asked RFOs to model how they would cope with a 10% cut next year. This assumes an overall cut to us in Year 1 of 15%, extrapolated from overall Treasury figures. We hope it will not be as much as this. A 30% cut would, if passed on equally, amount to a reduction in the Arts Council’s budget for regularly funded organisations of £134m a year.

10. Combined with a reduction in funding from local authorities (a significant funder of the arts), rising VAT and a pressure on earned income and private giving, many arts organisations large and small will be lost. Even those that manage to survive what could be a ‘perfect storm’ may find it difficult to produce the work to the quality or on the same scale that they have done previously. Evidence from previous rounds of cuts suggests that less ambitious work loses audience interest and leads to a spiral of decline in artistic standards.

11. This scaling back of arts provision and closure of arts organisations will compromise the ability for people to experience the arts. The closure of arts organisations will hit local areas hard where the arts provide a focus for tourism, education, community engagement and creative industry.

12. Cutting back on arts provision at a local level will undermine the bedrock of support for the creative economy (the fastest growing economy in the UK). The Work Foundation has demonstrated how the publicly funded cultural sector in this country supports the commercial creative sector. This is perhaps best illustrated in the relationship between West End or other commercial successes and the skills of actors, directors and those involved in production developed in the public sector.

13. In response to an anticipated reduction in Grant-in-Aid and in keeping with our new 10 year strategic framework, we have been looking at introducing new funding programmes that will be phased in to replace existing arrangements. These programmes will better reflect the different kinds of relationship we have with funded organisations, allow clearer focus on priorities and will free up opportunities for new entrants and new ways of working. This will almost certainly result in fewer organisations supported overall.

14. We are presently still in the process of developing guidance and criteria for the new programmes and want to create funding mechanisms that will work flexibly, allowing us to make best use of all our sources of income (Lottery funded programmes must be application- based so we expect to run some kind of application process for the new programmes). The new plans will be in place from April 2012.
15. Beyond cuts to arts organisations, Arts Council England would also need to cut back on the strategic projects it manages. This would limit our crucial developmental role, and inhibit our capacity to lead, support and develop the sector. Projects like the Cultural Leadership Programme, Artsmark and the Cultural Olympiad are examples of projects currently funded by us on a strategic basis. Cuts to these programmes will have a longer term impact on the sustainability and development of the sector.

16. The way in which the cuts are phased will be important. If changes to the Lottery distribution go ahead, the arts should see an increase in Lottery funding. However, Lottery cannot substitute for grant-in-aid funding under the ‘additionality’ rule laid down by the Major Government. Furthermore, any increase in Lottery funding will only be phased in over time. Any increase in Lottery funding will therefore not mitigate the impact of grant-in-aid cuts in the early years, and Lottery cannot substitute for Grant-in-Aid funding because of the important principle of ‘additionality’. Over the whole four year period the effect of a 25% cut would be £112m; extra money resulting from changing Lottery shares will deliver an extra £40m to Arts Council England.

17. Any cuts need to be spread intelligently over four years so that they can be managed in the best way. A dramatic cut in funding in 2011/12 would hit organisations hardest in the Olympic year. Sudden, large cuts which are not managed properly will cause damage that will take many years to recover from, as our experience of the Stabilisation Programme shows us.

**What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale**

18. Working together can create benefits and opportunities for organisations that collaborate, and there are a number of arts organisations who already do so, for example the proposed merger between Cornerhouse and Green Room in Manchester, Newcastle and Gateshead Cultural Venues Forum (NGCVF), Turning Point Networks, VALE & LARC in Liverpool.

19. We are actively encouraging our RFOs to develop sharing and partnership scheme but our experience is that these projects work best when Arts Council England or another interested party makes funds available and delegates the decision on exactly what is done to the organisations concerned. This brings them to the table in a way that is often not possible otherwise. Invariably, conversations become easier over time and the entities explore their similarities and find new ways of working together. This provides a clear way in which we could encourage further ways of working together – allocate funds for collaborative projects with a general aim of finding new ways to make partnership working effective.

20. We do however need to be open about the challenges that organisations can face.

- Trustees of funded organisations have a legal obligation to their organisations not to the sector or to government efficiency agendas. Trustees need to be confident that the independence of their organisation is not under threat and that savings can help them to achieve their objectives more efficiently.
- Collaborative projects take time to come to fruition, since there is often distrust between entities who traditionally see themselves as rivals.
- Areas where collaboration could be most productive and create the greatest efficiencies are often the source of greatest rivalry. This is particularly common for things like marketing or fundraising, where databases are seen as assets, but
also for things like estate services, since the building is often synonymous with the organisation, and so contracting out its management is anathema.

- Finance is often cited as a potential saving. Our experience is that organisations are generally very lean in this area, frequently having only a bookkeeper and a more senior member of staff who is partly responsible for finance in addition to other things.
- There is always an up-front cost involved with shared services, since reorganisation and merger are complex legal operations. This means consultants and lawyers are required. Often the savings are marginal, and so the shared work only makes a saving over time.

21. There are however many examples of how our RFOs are thinking creatively to produce cost and efficiency savings. As part of the successful rescue programme, English National Opera outsourced workshops in line with many arts organisations. Where they co-produce, e.g. with US partners, their new contracted out arrangements are more cost-effective and sets are made in the UK. We are establishing a new Organisation Development function to make sure RFOs have access to the best expertise and advice in this area.

What level of public subsidy for the arts and heritage is necessary and sustainable

22. The arts sector recognises the need to contribute to the economic recovery - and has already sustained significant cuts (£112.5 million of Arts Council Lottery funding has been diverted to the Olympics, in addition to the £23m in-year Grant-in-aid cuts). Our research suggests a tipping point of 10-15% for most arts organisations where current operating models will not be sustainable, leading to less original work, or in some cases closure.

23. For every £1 that the Arts Council invests, an additional £2 is generated from private and commercial sources, totalling £3 income. At a local level our investment can lever five times its worth. Arts Council investment therefore acts as the stamp of approval that draws in funding from the private sector and philanthropic sources. This mixed economy model in which public subsidy contributes roughly one-third. A sudden, or drastic, change to that level of support would threaten not only the quality of artistic life in England but also the contribution made by the arts to the future prosperity and the positive image of the country abroad.

Whether the current system, and structure, of funding distribution is the right one

24. There has been a broad consensus, since Arts Council England’s inception, that the arts should be supported through an arm’s length model. The principal virtues of this include protecting the artist’s freedom of expression from political interference, enabling peer experts to make decisions about funding and policy and allowing the criteria for funding to be focused on considerations of quality rather than other extraneous factors. We think the present structure with funds distributed by a non-governmental body is the right one but we would like a new expression of the Arms Length Principle that is re-imagined for modern times – one that verifies and realises the success of the arrangement and also recognises the existence of a Department of State.

25. Arts Council England is committed to ensuring that public funds are used in the most cost effective way to deliver the greatest public value. In addition, we use our expertise to support artists and to make strategic interventions that build the capacity of the sector and ensure that everyone has access to the very best of the arts.
26. The Arts Council recently consulted on the 10-year strategic framework that will underpin our future investment decisions and strategic interventions. Consultation responses revealed that there is general agreement and support for our vision and proposed goals and that our framework will provide a powerful focus for the Arts Council and its partners over the coming decade.

27. To achieve this we have evolved into an efficient and outward looking organisation. We have introduced new systems of evaluation and artistic assessment and will introduce international Peer Review to National Bodies. We will look at how we ensure what we do is as transparent a way as possible. We will continue to drive down costs while maintaining the quality and effectiveness of our advice, support and expertise. Since 1 April the Arts Council’s overall operating costs are down to 6.6 per cent (reduced from 11% in 2001/2), and of that only 3 per cent is spent on administrative costs.

Whether the policy guidelines for National Lottery funding need to be reviewed

28. The present policy guidelines have allowed Arts Council England to support the arts sector in a flexible manner and to help achieve great art for everyone. The tone and scope of the current directions are broadly right – we would not see a great deal of benefit to changing them. We dully the ambition to keep a clear separation between the project work of grant-in-aid and Lottery money.

The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council

29. It is hard to comment on detail at this stage. We are currently in discussion with DCMS about how the current work of the UK Film Council and the MLA can be supported in the future. We believe it is important not to lose the expert focus of an arms-length body for the sake of minimal cost savings.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

Whether there need to be more Government incentives to encourage private donations

30. Businesses and philanthropists already do play a role in funding the arts at both a national and local level, and have always done so. Arts Council believes it may be possible for private sources of funding to increase in the future. We are currently conducting a short review of this area to see what role Arts Council and its funded bodies can be doing to support this goal, especially at a time when public funding will be reducing. As part of this review we have been conducting an informal consultation over the summer in which we have interviewed arts organisations about their needs and challenges. These have included a range of big and small organisations, based in and outside of London.

31. It is clear that creating a step-change will, as the Government itself has acknowledged, take many years and our strategy in this area will reflect this, looking at both short and long term measures to increase private giving. It will very much depend on a long term change in the culture of giving.
32. Whilst private funding is an extremely valuable source of income for the arts, we would stress the value of the mixed economy model in the UK, and the benefits this approach brings. This includes the relative stability of plural funding streams for the arts that does not exist when there is a concentrated reliance on either public or private funding sources, as is true in the European and US models respectively. Public funding also attracts private donations to the arts, and any successful strategy to increase private giving needs to acknowledge this pattern. Private giving will not replace Arts Council England public funding.

33. One thing is clear: a move to a US system should not be the aim, rather we should strengthen the private element of the mixed economy. Our consultation has confirmed that organisations outside London or other established metropolitan centres face very different challenges. This reflects a number of different circumstances including:

- the reputational pull of nationally or regionally significant companies compared with more locally routed organisations; and

- the different micro-economies found in the English regions compared to those found in our larger economic centres, which define the potential pool of funding available to organisations.

34. Smaller non-metropolitan organisations therefore face challenges in fundraising. Most require very different types of support. It is also clear that these organisations should expect to achieve a different level of private funding. We are looking at what type of support is most appropriate for these organisations, including the role that larger regionally significant organisations can play in supporting smaller parts of the infrastructure, and whether there are new avenues of giving which could help smaller organisations.

35. There are two areas in which Government incentives would improve levels of private giving to the arts. For the small to medium sized entities we believe the simplification of gift aid would be the most effective. Helpful changes would include establishing it as an ‘opt-out’ rather than ‘opt-in’ scheme; changes to donor benefits; as well as simplification of the claiming process for larger gifts. For larger organisations in the business of attracting larger scale one-off gifts it would be beneficial so that it is possible for gifts of either funds or assets to be offset against tax in the donor’s lifetime.

36. We also believe that increased recognition of donations at the appropriate level of Government would provide an increased incentive for donors, and the Arts Council would be happy to help play its part in helping to identify individuals or organisations in a more comprehensive way. Those we have consulted in the sector have said that recognition could be improved through more systematic and regular use of the existing honours system, as well as through increased recognition by Government, either through the use of receptions at Number 10 or 11, or through thank you letters or meetings.

*September 2010*
Written evidence submitted by the Nautical Archaeology Society (NAS) (arts 78)

SUMMARY

- Based in the UK, the NAS is a key international society for nautical archaeology.
- Britain’s heritage is a unique national asset that defines Britain’s cultural and historic identity and is of great social educational and economic value.
- Taken as a whole, embracing tourism, publishing, media and museums as well as aspects of environmental protection and conservation, Britain’s heritage industry is very largely funded from non-government sources.
- Nonetheless, public sector funding is critical at both national and local level to ensure effective delivery of the substantial economic and social benefits that accrue from well managed, effectively promoted heritage.
- There is a major challenge facing the UK across aspects of heritage at all levels. Funding of heritage is complex, relying on complex interrelationships of public, commercial and voluntary funding sources.
- UK public sector heritage services have already been subject to substantial downward pressure from below inflation budgets at both national and local level. At the same time the growth in commercial, private and community activity has been burgeoning, leaving no surplus capacity to squeeze out of public services.
- Considering the key role that seafaring has played throughout Britain’s history around the world, public funding for maritime heritage has been a poor relation of heritage funding.
- Removing the catalyst that public sector funding provides is likely to result in much of the fabric of heritage funding unravelling – especially if done precipitately before other arrangements can be put in place.
- The potential of the private sector to replace public services is unlikely to lead to real savings of any significance, and is not appropriate for formal regulation.
- Although Britain has a very well developed and vibrant voluntary sector heritage, it cannot readily help without more support in capacity building and training, and development of less bureaucratic funding models.
- A major shift of funding for heritage could lead to irrecoverable loss of capacity and services rather than useful savings.
- This would be a major set-back when the need for improved guidance, advice and support, and a more modern legislative regime are essential if Britain is to remain a major force in the conservation and promotion of maritime heritage nationally and internationally.

DETAILED OBSERVATIONS

The Challenge

1. At the same time as tackling the public finance deficit head on, the new coalition Government in Britain is promoting the concept of a ‘Big Society’ in which individuals and community groups do more for themselves. The combination means swingeing cuts in public expenditure are coming
down the line, and we are only just beginning to glimpse what they may entail. The philosophy of rolling back government and encouraging people to do more for themselves is appealing to many, and over-expenditure on unnecessary activity by the State can certainly be wasteful. But the crucial question is what activities are unnecessary, and which do or do not need to be done by Government?

The Importance of Heritage and Value for Money

2. Heritage services are often seen as something of a luxury, especially when compared with education, health or looking after the elderly. But this is far too simplistic. Taken as a whole, the heritage industry in the UK is a big part of the economy, embracing tourism, publishing, media and museums as well as aspects of environmental protection through development funded work to conserve or record heritage assets under threat. Most of this activity is self-financing, and tourism is Britain’s biggest source of valuable export revenues after financial services.

3. In recent years the economic and social benefits of well-managed heritage and of enabling people to study it for themselves have started to be recognised. But this has hardly registered at the scale where heritage is just a footnote in the bigger picture of the savings that need to be made across-the-board.

4. A key issue is that the present very small public sector budgets for heritage – at both national and local level – are essential catalysts in providing guidance, advice, information and other data services and pump-priming grants that ensure the effectiveness of how the private and voluntary sectors deliver public benefits in conservation, education or economic prosperity. They also crucially act as a key factor in terms of leverage to attract other resources. The bigger the benefits levered in by public expenditure, the more devastating cuts are liable to be. This is especially true of the heritage sector.

Public funding and possible cuts in the offing

5. So far the Government has announced a general target of reductions in expenditure in the order of 20-25% in non-ring-fenced areas. Specifically within the heritage sector it has announced an intention to abolish various heritage quangos, including the Advisory Committee on Historic Wreck Sites and the Museums and Galleries Commission. However, these bodies perform useful functions that need a degree of independence and the savings to be made – especially in the case of the Advisory Committee – are minimal. These proposals look like an ideological move to give the impression of action, not intended to make real savings or improve functions. This does not bode well for the real cuts to come.

6. Much bigger questions have yet to be tackled concerning the whole structure of heritage services – whether national heritage agencies will survive in their current form; whether state owned heritage properties will be sold off to be looked after by the voluntary sector, as suggested recently for national nature reserves; whether non-statutory local authority museum and other heritage services will survive at all. It is not difficult in the present climate to see major changes in how much – and what – the public sector will be able to do in future, with much greater emphasis on getting back to basic statutory functions.

7. The role of local authorities is of particular importance in the application of heritage legislation through planning and advisory roles and delivery of heritage services at local level, including museums, libraries, archives, historic environment records and support for activities involving
community groups. But these services are especially vulnerable: they are not statutory requirements services, and because most are delivered at County or Unitary authority level, they are in competition with key services such as education social services for adults, which are more or less to be ring-fenced, and with other services (such as fire public health etc) which are statutory requirements. With ring fenced services accounting for 60% or more of relevant budgets, the swingeing cuts being imposed look very likely to have to be shared wholly disproportionately among other services some of which are statutory obligations. The result seems likely to be the decimation of non-statutory heritage services at local level.

8. While DCMS takes overall responsibility for maritime heritage, it is far from being the only national government department with key responsibilities and relevant budgets. It is important to stress that the MoD (especially through defence estates, but also for example the service museums and HMS Victory), DoT (through the Receiver of Wreck and as owner of numerous merchant vessel wrecks), DEFRA (as parent department of the MMO, marine exploration and fisheries), DTI and Climate (as departments for regulating offshore development), the Crown Estate (as owner of the seabed), and FCO through UK representation on international bodies), also have key responsibilities even though the scale of funding is mostly minimal.

9. Indeed, all these bodies are heavily dependent on English Heritage and the other heritage agencies in the devolved administrations for advice and guidance provided by a tiny handful of experts. As already noted above, another important area of funding comes directly or indirectly under the Departments covering education and local government where changes in central government support can have massive knock-on effects for non-statutory local government heritage services.

10. It is important to appreciate how different aspects of these budgets and services come into play - all on a very small scale but with massive influence on conservation and appreciation of the nation’s maritime heritage. The tiny number of people responsible for these areas in DCMS English Heritage and their devolved equivalents are fundamentally important to retaining and developing momentum to address the challenges facing maritime heritage – both in terms of pressure for development on- and off-shore and the urgent need for better, simpler legislation. These have been outlined in the response from the Joint Nautical Archaeology Committee and we refer the Committee to their response. From our perspective as an international NGO based in one of the world’s great maritime nations, we would only wish to stress how serious and pressing these issues are in relation to the UK’s international reputation in maritime heritage.

11. Coverage of maritime heritage has been improved in the last decade – especially through support from the Aggregates Levy and Heritage Lottery and increasing awareness of responsibility of offshore developers. The Marine Act and establishment of the MMO offers further potential, but the expert input to support this is still miniscule and there is still a long way to go. DCMS has a critical role in ensuring that it continues to provide the crucial cross-departmental advice required. This growing critical need for guidance, advice and support should not be jeopardised by an unthinking mantra to make across-the-board savings that may be piffling in financial terms but devastating in capacity to manage the nation’s maritime heritage effectively.

12. The big danger is that removing or substantially diminishing the central government catalyst will save very little but have much more serious impacts in the indirect loss of substantial private sector and voluntary capacity for safeguarding and studying Britain’s maritime heritage and weaken the
very substantial economic and social benefits arising from tourism, education, volunteering and conservation.

13. The already major problem of finding anywhere to conserve and retain maritime heritage both nationally and locally, is especially likely to be exacerbated at the local level, where ring fenced services and statutory functions of local authorities are likely to take precedence over non-statutory heritage services. It is likely that museum and archives services, which in many places are already under massive pressure will be decimated, despite these being of vital importance for both terrestrial and maritime archives and records. These underpin research into Britain’s history, including the burgeoning interest in family history for which maritime archives are especially detailed and informative.

Nautical and Maritime Heritage Funding – NAS experience

14. As a UK charity working as an international NGO, the NAS is a charity concerned with promoting exploration and conservation of a particular aspect of heritage. Despite having only 2.5 FTE employees and two further professionals acting on a part time consultancy basis, the NAS has a high standing both internationally and nationally. We publish the leading peer-reviewed journal in the field; over the last 23 years have developed the only UK specialist heritage training course to have been exported to c. 20 other countries round the world, and like many other societies have developed a wide range of collaborative projects with local groups and local authorities that have been very effective in raising interest in maritime heritage, and for example have been doing pioneering work with UNESCO.

15. Much of the NAS’s income comes from publications (especially the International Journal of Nautical Archaeology) and from training courses and international training franchise and membership. Most other funding comes from some national government grants (eg English Heritage, Cadw, Historic Scotland, Crown Estates), some Heritage Lottery funding, some funding from collaboration with local authorities (especially via NAS North East, an especially strong and productive branch run in close collaboration with the Teesside local authority at Hartlepool).

16. In a very small way this illustrates the variety and diversity of funding sources on which voluntary sector heritage bodies typically rely. They are not entirely independent of each other, but commonly rely on partnerships and arrangements that have been built up over time and where part of the work often relies on multiple sources with commitments to lever in other contributions in cash or kind.

17. These inter-linking and often inter-dependent sources of funding from multiple sources is both typical and highly significant in understanding how voluntary sector heritage activities are resourced. Like patterned knitwear, pulling out a strand of one colour is liable to lead to the whole garment unravelling. Re-knitting the remaining colours takes time, patience and resources, which may not be available.

Other means of delivering heritage services

18. There is much expertise in universities, professional and voluntary bodies, already much engaged in a wide variety of projects, that could be drawn upon further for certain roles – indeed, the composition of the expenses-only ACHWS is a prime example. Although it is possible that some services might be delivered at lower cost by the private sector, the savings are likely to be minimal: staffing levels have already been under considerable pressure and salaries and overheads would be
much the same in any event. There are also important issues of public accountability where legal
regulation is involved.

19. The Government has been keen on the idea of the Big Society, and although it is not overtly being
prompted as an alternative to public services in the face of swingeing cuts, the implication is that
there is little else available. Britain does have a vibrant voluntary heritage sector – including
maritime heritage – which embodies a significant amount of professional expertise; but expecting
it to step in to do more makes a lot of assumptions about its capacity to act. The Big Society idea
has not (as far as we know) been examined in terms of different sectoral interests, and capacity to
respond depends a great deal on how non-profit making bodies are organised.

20. In the heritage sector most charities – like the NAS – have very few if any employed staff and know
all too well that recruiting and training volunteers to be effective is not a tap that can suddenly be
turned on or off.

21. Fundraising and obtaining grant aid is another key issue. Since the 1980s the concept of ‘core
funding’ has become anathema to governments (and grant-giving bodies such as the Lottery and
private grant-giving trusts) wanting to ensure good value for money in public expenditure, making
project-funding *de rigueur*. But one result is that more and more time is now spent making
multiple applications for money from an increasing diversity of over-subscribed funds, adding a
whole layer of administrative costs to getting anything done. This sort of micro-management of
grants is immensely bureaucratic, and in the case of charities fails to recognise that the trust to do
publicly beneficial work is already embedded in their constitutions.

22. Other forms of fundraising (via donations, legacies, fundraising events, membership drives, etc) also
require a considerable amount of time and energy, and for any long-term sustainable funding
substantial administrative support and specialist expertise that needs strategic development over
many years, and again cannot suddenly be turned on.

23. If the Big Society is about trusting voluntary and community organisations to do more public good
in times of financial austerity, a first step for Government will be to provide active support for
capacity building without bureaucratic micro-management of every project. However, this is not a
quick-fix solution, and there are likely to be huge problems where existing key professional capacity
is lost, especially given the likelihood of it never being re-established.

**Conclusions**

24. There is an inevitable crisis in public sector funding heritage in the view of major cuts in national
and local expenditure, especially given the ring-fencing of some major budgets and the lack of
statutory requirements for heritage services.

25. Britain’s heritage, including its maritime heritage which is of major international importance, is of
immense economic and social value to the nation. Its conservation, study and enjoyment is guided,
supported and promoted on the basis of miniscule public expenditure that acts as a vital catalyst to
bring in other, often highly interdependent resources both in cash and kind. This could easily be
unravelled by unthinking across-the-board cuts.

26. There is a very real danger that any sudden reduction or shift in existing funding will lead to loss of
capacity and services rather than savings. This would be a major set-back when the need for
improved guidance, advice and support, and a more modern legislative regime are essential if
Britain is to remain a major force in the conservation and promotion of maritime heritage nationally and internationally.

27. The private sector and voluntary sector do have the expertise to do even more to help support or replace public services, but it is highly questionable that this would lead to real public expenditure savings of any significance. There is scope for voluntary bodies to do more education, training and community work as a contribution to conservation and research, but it requires more support for capacity building and development, and less bureaucratic funding models.

September 2010
Written evidence submitted by Accentuate (arts 79)

Funded by Legacy Trust UK, SEEDA and the regional cultural agencies. Hosted by Screen South.

Introduction to Accentuate:

Accentuate is the 2012 Legacy Programme for the South East of England and will deliver a transformational programme of 15 projects, all of which have been inspired by our unique heritage of Stoke Mandeville as the birthplace of the Paralympic movement. Our aim is to create a cultural shift in perceptions of disability by promoting talent and access to real opportunity. Working with the regional cultural agencies, businesses, schools, Local Authorities, Universities and the voluntary sector, Accentuate projects range from public art commissions, to major sporting events, to international campaigns led by young disabled people. Accentuate has been set up in a way which ensures partnership working and learning is central to programme delivery. Accentuate has specialist knowledge about how best to support and promote disabled people across a wide range of sectors. We have been highlighted as a programme that demonstrates best practice with regard to partnership working.

- What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

Accentuate has already taken a hit from SEEDA one of our key funders cutting some of their funding. This will have very real consequences. Accentuate is currently reviewing all of its projects using a rigorous template to assess quality and how we can best meet our aim of achieving a cultural shift in the way disabled people are perceived and the type of opportunities that are open to them. Our projects aim to promote talent and ensure we are nurturing a growing community of disabled people with leadership potential.

We know that we will not be able to make any “efficiency savings” as we have been designed to be “lean” and only have minimal programme management and associated costs. We are also meeting and in some cases exceeding, all of our targets. Therefore this cut is likely to impact directly on the projects meaning we may have to merge some of them. This will affect our outcomes as there are likely to be fewer commissioning opportunities, less opportunities for professional development and training and fewer businesses, organisations and local authorities will be able to access specialist advice and training to improve facilities for disabled people.

We have evidence that our projects are working. They are up-skilling people, providing employment opportunities and bringing extra revenue into the region. This cut will mean that there will be less of benefit across all sectors and at all levels.

It will not only effect some of the organisations we work with (some of them are relatively small and rely on Accentuate Projects for a large proportion of their portfolio of work) it will also profoundly affect the numbers of disabled people we will be able to offer opportunities to. We will continue to ensure that we will promote and engage with deaf and disabled artists, cultural leaders and sports people. We will also continue to focus on quality. However we are likely to
need to downscale what we are doing which is very short-sighted at this time when there are few genuine specialist opportunities that provide support and backing that will help get disabled people out of the welfare system and into valued paid employment.

Accentuate will seek to continue to do what it has always done – work in partnership to ensure there is no duplication but there is a shared learning. We believe we are in a strong position during these challenging times to share our working methods with other organisations, which may help them to develop a more “joined up” approach.

- What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

Cross-sector and cross-organisation working with the arts and the cultural sector is the key to this issue. Accentuate is working at the cutting-edge of collaborative working developing new and innovative strategies and methodologies to bring partners together. However, the recent cut to Accentuate funding will impact directly on the ability to share this vital learning more widely. Accentuate’s leadership role in this field has been acknowledged as having national importance by the DCMS. Increased funding to ensure the dissemination of the programme nationally would result in future savings, as organisations use the Accentuate expertise to change their ways of working.

- What level of public subsidy for the arts and heritage is necessary and sustainable;

Public finding for the arts is a sound investment. Studies have shown that for every pound of public subsidy invested in the arts, more than a pound is raised for the UK economy. Therefore the return on investment means that subsidy is both necessary for a buoyant economy and sustainable.

- Whether the current system, and structure, of funding distribution is the right one;

A streamlining of the cultural organisations that distribute public arts funding is necessary to ensure for best value for money. However, the overall structure is strong and robust. The danger with merging organisations into one ‘culture council’ which seems to be the current trend, is that the expertise and diversity that is central to the arts is lost. It is vital that the arts remain at arms length from the Government. The current reduction and merging programme is minimising this distance and therefore the independence and risk-taking character than makes our cultural sector so vibrant.

Current funding structures do not operate in an accessible way. This results in artists with a disability having less access to funding opportunities than non-disabled artists. This inherent inequality also means we are missing out on the full potential of some disabled people to become arts and cultural leaders of the future. The Accentuate programme is leading the way in uncovering these barriers and breaking them down in partnership with the cultural organisations. On some occasions a simple change of approach (a longer lead in time for an application, or an adjustment to seminar timings or venues) is all that is needed. In other cases
barriers are more about ways of thinking. Challenging and changing these practices, to ensure equality of access and support, should be a priority of the coalition Government.

- The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

Accentuate works closely in partnership with the MLA. We are concerned that the excellent work of this organisation, particularly in preserving archives such as the Ludwig Guttmann archive at Stoke Mandeville, must be continued. In particular the expertise of the Staff of the MLA is a hugely valuable resource and must not be lost to the cultural sector. We are reassured to hear that the majority of the MLA’s work will continue, and hope to see this pledge move into action soon.

Accentuate is working to influence and change the way large cultural ‘gatekeeping’ organisations, such as MLA and Film Council operate, in order to ensure equality of opportunity. We have worked closely with MLA and would be keen to ensure that this learning and relationship is transferred to any new organisation that may be formed – or indeed is passed to any organisation that may be absorbing parts of MLA’s current work.

Accentuate is hosted by Screen South. Screen South are the regional Screen agency for the South East. The UK has a heritage in cinema and has produced some of the world’s top directing talent - Ridley and Tony Scott, Christopher Nolan, Danny Boyle to name a few. The UKFC and the organisations it works with has been largely responsible for bringing the UK to the forefront of great modern cinema. UKFC has also launched the international film careers of some of the mostly highly regarded British film directors working today stripping away potential for our future film-makers is a huge mistake for one of the world’s most creative countries.

Currently less than 1% of people working in the film industry have a disability. This statistic shows the great wealth of potential talent that is not being explored. Accentuate can make a difference, but in order to do so we need partners on the ground who have direct routes into industry. UKFC is one such partner.

- Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

We do not believe that private sector support or philanthropy is a viable alternative to public funding. There may be opportunities to encourage business or philanthropic support in some particular cases, but it is unlikely that it would be an option in the vast majority occasions. In particular we are concerned that this kind of support will inevitably be drawn to large, high-profile arts organisations who have the capacity to employ staff with the expertise to seek it. This is result in a further widening of the gap between the large established organisations and the smaller organisations. This will lead to a loss of diversity and innovation in the arts, and therefore a reduction in the value of the Creative Industries.

In addition this will encourage organisations to ‘do what they have always done’ to try and maintain income, rather than do any risk-taking or look at altering the way they work. This has potentially serious implications for the levels of equality and access to the arts. The elite arts in
the UK have had a reputation for being white, middle class, academic, male dominated and non-disabled. Significant progress has been made in changing this. But a reliance on business or philanthropic support will set this trend in reverse.

If business or philanthropic support is to be part of the picture of helping to support the arts then there must be mechanisms put in place to encourage greater understanding of where these opportunities lie and how organisations and individuals may be able to access them. If these mechanisms are not put in place it will continue to ensure there is inequality to access opportunities.

- **Whether there need to be more Government incentives to encourage private donations.**

Anything the Government can do to encourage investment in the arts would be welcomed. However, the encouragement of private donations does not relieve the need for public funds.

As mentioned in the previous answer, it is not only important to encourage private investment, but there must also be a transparent process. Therefore artists and organisations must be able to access these funds – or at least the information about who is prepared to be a sponsor - and the process for bidding or applying for funds must be clear and well supported. Without this, there will never be a fair system based on talent, rather than how well connected you are.

*September 2010*
Written evidence submitted by Hallé Concerts Society (Arts 80)

Summary

1. In order to compete internationally the Hallé must employ its musicians on contract, and therefore has relatively high ratio of fixed costs.

2. To secure artists in an international market place the Hallé needs to plan two to three years ahead.

3. The past ten years have seen a sea change in both the artistic standards and financial stability of all the Hallé. Modest increased investment has transformed the orchestral landscape and has led to a stable, confident and highly successful sector.

4. Financial Stability relies on a balance of three sources of income: earned income through box office and sales, commercial and private support and grant in aid.

5. The retrospective cut – whilst not significant – has set a precedent which could lead to an erosion of trust not just between the Hallé and its funders, but also with its donors, sponsors and ultimately its audience.

6. Short-term cuts will have the most profound effect on arts organisations with high fixed overheads or with limited reserves. They are bound to have a direct effect on the Hallé’s artistic and educational outputs.

7. In the longer-term the Hallé will have to shrink both its artistic and education aspirations and reduce its artistic and administrative head count. This will, in our view, lead to significant instability and long term damage to our relationships with Local Authority and our private and commercial supporters. Regional audiences will be deprived of an opportunity hear a world-class symphony orchestra.

8. The Arts Council is an important expression of the arms length principle, direct state funding would give everyone problems – politicians as well as artists.

9. Diversifying the use of Lottery funds has had a negative effect on the arts sector. We believe that the Lottery should revert to its original objectives.

10. We believe a lot could be gained by offering incentives for private and commercial giving. This could be directly through schemes to offer funding matches, by influencing positively the climate for giving or through improved tax benefits.

1. What impact will recent, and future, spending cuts from central and local Government have:

1.1. The Background

1.1.1. The Hallé has been in existence as a professional symphony orchestra for 152 years. The Orchestra employs 80 permanent players and uses around 250-300 freelance musicians a year.
1.1.2. It is resident in the Bridgewater Hall in Manchester and plays to audiences of over 230,000 people a year at its home base and the 35 or so English towns and cities it visits annually. Its wide ranging education programme had over 41,000 children and young people participating in its activities in 2009/10. In addition, the Orchestra makes approximately 9 Radio 3 broadcasts a year and is also broadcast regularly on TV. Recently the Hallé’s Harmony Youth Orchestra project was broadcast as a series of 4 programmes – Orchestra United – on Channel 4 television.

1.1.3. The Hallé runs four associated choirs and youth ensembles with a combined membership of 300. The youth ensembles give regular opportunities to gifted and talented young people outside the specialist music education system to work at the highest level with professional musicians.

1.1.4. The Hallé is firmly embedded in its community contributing significantly to civic pride and the quality of life of the inhabitants of Greater Manchester and its other core heartlands. The special place it occupies was amply demonstrated by the outpouring of support, both financial and through advocacy, when the organisation went through its well-documented financial crisis in the late 1990s.

1.1.5. The Hallé’s total income in 2009/10 was £8.6m of which ACE grant was just under 25% and Local Authority income around 14%.

1.1.6. The Hallé, in common with all UK arts organisations, does not hold financial reserves at anything like the level that would enable us to get us through a difficult period. After making provision for the pension deficit the Hallé’s consolidated balance sheet as at 31st March 2010 shows a deficit of £1.1 million.

1.2. The Submission

1.2.1. In the UK and outside London it has never been possible to create and maintain a symphony orchestra of national or international quality without contracting the players on a permanent or semi permanent contract. Indeed it is probably true worldwide that all orchestras of international quality outside the capital city are contracted. This is simply because the best itinerant musicians will almost always base themselves where there is the most potential for work.

1.2.2. In order to deliver consistent high artistic standards a symphony orchestra is required to employ at least 80 core players. Therefore, in the regions, a very high proportion of a symphony orchestra’s budget is invested in salaries.

1.2.3. Where symphony orchestras in the regions have flourished it has always been because a stable financial platform has enabled them, in the right circumstances, to be able to deliver artistic standards well beyond what might be expected of a ‘provincial’ orchestra. This was true in Birmingham in the 1980s and 90s under Sir Simon Rattle and it is true of the Hallé in Manchester now, under Sir Mark Elder.

1.2.4. Financial stability in the UK comes from having the right balance between the three major sources of income. In the Hallé’s case this comprises:
   - Box Office and other earned income
   - Sponsorship and fundraising
Grant in aid by contrast in Europe, funding comes from very high levels of public subsidy and in North America from high levels of private giving to endowments, plus corporate income and box office (see response to Q.3.)

1.2.5. 10+ years ago the Hallé was in life-threatening crisis with a significant accumulated deficit and an endemic hole in its income and expenditure account. Its artistic standards were poor and its role as a significant regional asset was tarnished. Investment – through Arts Council Stabilisation funding and increased levels of revenue grant from both ACE and Local Authorities enabled a programme of strategic change to transform the Hallé into an undeniably and demonstrably world class orchestra. In particular, relatively small but important levels of grant enhancement from ACE enabled the organisation to trigger increased Local Authority and other investment.

1.2.6. The cut in ACE grant in this financial year, while not significant in itself, has established a very worrying precedent. Can the Hallé rely on its grant offer each year if it is subsequently changed? How can the artistic programme be planned? This could significantly erode the trust not just between an organisation and its funders, but also with its donors, sponsors and ultimately its audience.

1.2.7. An orchestra’s planning horizon is two to three years in the future in order to secure the commitment of major international artists. The current climate of uncertainty over future funding and the level of possible cuts make it almost impossible to enter into any negotiations with artists or promoters in good faith.

1.2.8. Going forward, significant cuts in the Hallé’s budget will, very quickly, have a regressive effect. The Hallé invests over 85% of its total expenditure of £8.4m in delivering its core Orchestral activity and a further 10% in delivering its community and education work. Support costs are currently 7.4% of overall spend.

1.2.9. In the short term the Hallé will cut artistic and educational outputs (because this is our only significant area of discretionary spend) and, in the longer term, reduce head count, losing key artistic talent by cutting employment and freelance opportunities for musicians in Manchester and cutting youth ensembles. The Hallé will ultimately be unable to attract or retain talent in the region thus depriving the public of the opportunity to see international artists.

1.2.10. Through targeted activity focused on the corporate and private giving sectors income from these sources is currently showing signs of improvement. This is significant for the Hallé, an organisation that does better than most regional organisations in raising income from this area. However, in the climate for giving in this country it will not replace significant cuts in grant, and organisations who plan their budgets on the basis that it will are deluding themselves and their supporters.

1.2.11. All of this has been tested by the first hand effects of the recession - with corporate support in particular taking a hit. With current funding the Hallé is financially stable (but without significant reserves) and in great artistic shape. Funding cuts will put all of this under threat.
2. **What can arts organisations do to work more closely together in order to reduce duplication of effort and to make economies of scale;**

2.1. Although the Hallé is resident in the Bridgewater Hall in Manchester, it is not directly involved in its management. However, from a financial point of view, particularly on its impact on the public purse, we believe that the arrangements in place are among the most effective in the world. The levels of public subsidy going into the building are as low, if not lower, than any comparable Hall in the UK or overseas.

2.2. As part of these arrangements we already share resources with the Hall (ITC, reception, Box Office, corporate membership administration) where it makes sense to do so and will continue to look for ways to make this work for the benefit of Manchester.

2.3. The Hallé, apart from its major ongoing artistic collaborations with the BBC Philharmonic, Manchester Camerata, Royal Exchange and Lowry Theatres, also works in partnership with many local agencies to provide enhanced services and opportunities to local people

- Association of Greater Manchester ticket scheme for disadvantaged communities
- North West Music Partnership
- Sing Up
- String Leadership and Professional Experience Scheme with Royal Northern College of Music
- Manchester City Council Valuing Older People Programme
- Thorn Cross Young Offenders’ Institute and Youth Justice

2.4. We believe that there is further potential for us to take some weight off the educational sector (which in part we are already doing) by offering enhanced opportunities for gifted and talented youngsters to engage in high quality activities (Youth orchestras and choirs) and for us to help train specialist and non-specialist classroom teachers in practical music making skills at the highest level.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable;**

3.1. We believe that the UK model – which sits between the highly subsidised levels of central and Northern Europe and the massively endowed – but artistically conservative orchestras of North America offers the best balance between commercial edge and the ability to provide significant public benefit through expanding the art form, providing access and strategic educational intervention.

3.2. We recognise that the Arts need to share some of the pain of budget cuts but hope there is a recognition that most Arts organisations, and the Hallé in particular, could not withstand a reduction of more than 10% without serious long-term, and possibly terminal, damage.

4. **Whether the current system, and structure, of funding distribution is the right one;**

4.1. We believe that the arms length principle is central and the Arts Council’s role a very important one.
4.2. However, in the past, a great deal of their policy and funding strategy appears to have been overly influenced by political initiatives, and political correctness, rather than expertly informed, pragmatic, decision making.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1. We broadly welcome the return of Lottery money to the Arts from the Olympics but it should not provide a significant substitute for government grant-in-aid.

5.2. We also believe that the money should be broadly used for the improvement and maintenance of the capital infrastructure for the arts.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1. Yes. Apart from anything else – if this were the subject of industry wide debate – it would help focus everyone’s understanding on the true purpose of the lottery support (particularly what it is not for)

7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

7.1. No comment – not within our area of operation.

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.1. Yes, of course they can and should, indeed they always have done – the Hallé’s owes its own existence as much as anything to the group of, largely German, Jewish businessmen who came to Manchester in the mid 19c to create wealth, and who invested in culture. Recently we have seen increased interest by companies and philanthropists in supporting our artistic and educational objectives, and we are working hard to improve these sources of support.

8.2. However we believe that significant progress in this area, particularly the building of large endowments, will be very difficult until the climate for giving in this country changes considerably. It is not just about reforming the tax system (although this would help). Regional factors are also at play - from Manchester we have seen, over past last 20 years, a significant reduction in the number of large businesses with their headquarters in the Region. Compared to London, there are very few super rich philanthropic givers living or based here.

8.3. Generally we would see the barriers in the UK (compared to the USA) as:

- No strong ethos of philanthropic giving. (People who have created wealth don’t feel the same sense of duty to “put something back”)
- Brits are, by and large, far more resistant to “showing off” their wealth
- The honours system, which provides recognition for public achievement where, in the States, wealthy people often give to capital projects to celebrate their eminence in the community.
- A less sympathetic tax regime to philanthropic giving.
9. Whether there need to be more Government incentives to encourage private donations.

9.1. See above. It would clearly be helpful if Government were able to put in place incentives for people to give. However we believe that Arts & Business in its current form does not represent value for money. It would be far better to revert to an administration light system that provided some sort of modest match funding for new and longer-term sponsors. This would be the most effective way to help draw money out of the private sector, using the ingenuity and imagination of the arts sector, particularly if it was allied to a more sympathetic tax system.

September 2010
Written evidence submitted by Orchestras Live (arts 82)

Executive summary

• Sustained public investment in the arts has been maintained for the past 15 years. Public investment in the arts is extremely small in relation to overall public spending.

• An erosion of that public investment will immediately undermine the positive effect it has had over the past 15 years.

• The maintenance of both central and local Government funding for the arts is essential.

• Private funding cannot replace a shortfall in public funding for the arts – they are mutually dependent.

• The role of national organisations like Orchestras Live in coordinating national programmes for arts distribution is effective in reducing duplication of effort and achieving economies of scale.

• The maintenance of Arts Council England as an internationally acknowledged, expert and independent public body for the distribution of public funding of the arts is essential.

• The Government’s proposed changes to the distribution of National Lottery funds are welcome.

• Relatively small amounts of public funds are proven to lever significant private and commercial investment. The UK’s mixed economy model of arts funding is both unique and effective. It also reinforces the function of public subsidy as a lever for additional funding (on a ratio of 1:2) and has also helped to underpin the success of Britain’s creative economy over the past ten years.

1. Introduction

1.1 is the national development agency for professional orchestral music, working intensively in partnership with local authorities and other promoters throughout England. Our mission is to inspire, motivate and empower the widest range of people through excellent professional live orchestral music.

1.2 In 2009/10, Orchestras Live supported activity which reached over 83,000 people. This was achieved through support for more than 304 events in partnership with 69 local authorities and other promoters across England. These events involved 37 professional orchestras and included formal and informal concerts, concerts for children and families, community and education projects ranging from half-day workshops to year-round residencies.

1.3 Orchestras Live is pleased to submit evidence to this important inquiry as a long-standing recipient of public funding from Government via Arts Council England. Orchestras Live works in partnership with 69 local authorities throughout England and has since 1986, through its predecessor body the Eastern Orchestral Board, established a very successful track record in using central Government funding to lever local Government and other funding to support the delivery of excellent professional orchestral programmes for communities that do not have regular access to this work. Public subsidy is an essential source of income for arts organisations like ours and the inquiry raises some important questions, the conclusions of which will have a significant impact on the future health of the arts and heritage sector.

2. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level?

2.1 The Arts in England are a success, underpinned by 15 years of sustained investment, including the introduction of the National Lottery in 1994. Furthermore the arts budget is very small in comparison to other areas of public spending. It currently costs around 17p per week per person.
And for every £1 of public money that is invested in the arts, a further £2 is generated from commercial and private sources – a ratio of 1:2.

2.2 An erosion in the current public funding base both locally and nationally will undo the beneficial effects of the positive pattern of sustained investment over the past fifteen years.

2.3 In many arts sectors, the relationship between central and local Government funding is an essential component towards a successful and balanced funding ecology. Our own organisation, Orchestras Live has a successful track record in using central Government funding (from DCMS via the Arts Council) to lever significant additional local authority funding. In the last financial year (2009/10) our Arts Council funding of £815,000 yielded an additional £362,000 in partnership funding, of which £262,000 came from approximately 60 local authorities, working in partnership with us across England.

2.4 The unique model which exists in the UK between public funding and private and commercial support is one in which the balance is mutually dependent. A reduction in public funding on either a national or a local level will inevitably create an income shortfall which the private and commercial sector will struggle to restore.

2.5 As an inevitable consequence the range, activity and output of arts organisations will reduce. However, fixed running costs including overheads and salaries are likely to stay at their current level. And the arts sector as a whole will cease to offer the current ‘value for money proposition’ expressed as a ratio of fixed costs to output that it does now.

2.6 Orchestras Live is representative of many arts organisations in that its impact is considerably greater than its size. The skills, experience and expertise that underpins our partnerships across England are located in our small staff team of six. The maintenance of that team is essential to ensure the ongoing successful delivery of our work on a national scale. In common with other arts organisations of our size we have comparatively limited options to accommodate spending cuts.

3. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

3.1 Obvious examples are the sharing of administration services, particularly in the areas of finance and human resources.

3.2 There is also scope for the greater exploitation of digital resources to create economies of scale and to drive down costs, particularly in the areas of marketing and publicity.

3.3 Policies for joint procurement for services, particularly among larger-scale arts organizations will be important; for example the recent collaboration between a number of large-scale London based arts organisations on a joint energy procurement plan which drives down the unit cost to each and offers greater value for money.

3.4 An issue which is of particular relevance to Orchestras Live is the co-ordination of national programmes which promote greater access to and greater and wider distribution of excellent art, particularly to communities and parts of the country away from large urban centres of population where the access to quality art is limited. Orchestras Live Concerts delivers the best of the UK’s chamber orchestral programmes to 28 promoters throughout England whose audiences would not normally have access to this work. In this year, working through strategic partnership with professional orchestras and promoters, we will co-promote 57 concerts by 18 professional chamber orchestras across 7 English regions with an emphasis on programming the work of living composers and newly commissioned work. The national co-ordination that we bring to this work avoids duplication of effort and delivers economies of scale where one concert programme can be repeated in other parts of the country.

3.5 Orchestras Live Concerts is just one example of this kind of activity. In the classical music sector, the Sheffield based organisation, Music in the Round delivers a similar model for chamber
music. And more widely in the music sector, funding for consortia of promoters (for example, Music beyond the Mainstream) has enabled international large-scale world music to be shared among a community of promoters delivering significant economies of scale and maximising the partnership between arts organisations.

4. **What level of public subsidy for the arts and heritage is necessary and sustainable;**

4.1 The evidence of the last fifteen years shows that the current levels of public subsidy with annual allowances for inflation are necessary to retain the positive momentum of the last fifteen years. As for the sustainability, the average cost of public funding for the arts per person is just 17p per week – a very small proportion of overall public spending. The argument for the sustainability of that investment is further reinforced by the level of return where for every £1 of public subsidy, a further £2 is generated through private and commercial sources.

4.2 Moreover the link between public subsidy for the arts and commercial return is now proven. Public subsidy for the arts plays a vital role in the evolution of talent within the creative industries, which are an essential component of the future competitiveness of British business and are acknowledged as our best route out of recession. Between 1997 and 2006 the creative economy grew faster than any other sector, accounting for 2 million jobs and £16.6 billion of exports in 2007.

4.3 To further support the sustainability argument, the position of the arts and heritage sector as one of the ‘crown jewels’ of UK society foregrounds the role of the sector as a prime lever for incoming tourism in the UK. Arts and culture are central to tourism in the UK, worth £86 billion in 2007 – 3.7% of GDP – and directly employed 1.4 million people. Inbound tourism is a crucial earner of exports for the UK economy, worth £16.3 billion to the UK economy in 2008.

5. **Whether the current system, and structure, of funding distribution is the right one;**

5.1 The Government’s commitment to ‘arms length’ funding presumes that the retention of the Arts Council as a non departmental public body remains a priority. Put simply, if the Arts Council didn’t exist, then Government would need to establish a similar body to ensure the independent distribution of public subsidy to the arts sector without political influence.

5.2 Arts Council England is recognized worldwide as an exemplar body for the distribution of public subsidy for the arts. It has the authority and expertise to represent the arts sector and to advocate for its ongoing vibrancy and health.

5.3 Furthermore funding from Arts Council England acts as an endorsement and an indicator of high quality. This stamp of approval is proven to lever partnership funding from the private sector and philanthropic sources, particularly private charitable Trusts and Foundations.

5.4 Through its recent consultation – *Great Art for Everyone* – which set out Arts Council England’s ten-year vision for the Arts, the Arts Council advocated the introduction of more flexible funding arrangements for the Arts. These proposed measures are welcome and should deliver a less hierarchical and more fit for purpose mechanism for funding the arts.

6. **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;**

6.1 We understand this question to relate to the Government’s proposals (recently opened to public consultation) to restore the balance of distribution of National Lottery funds to their original good causes of the arts, sport and heritage. If enacted, the effect of these changes will be positive. Specifically, an increase in the share of lottery funds for the arts will mean that arts organisations will be able to increase the impact of the delivery of their priorities, in particular in relation to broadening their reach and delivery of education projects in addition to their core activity.
7. Whether the policy guidelines for National Lottery funding need to be reviewed;

7.1 There have been historic issues over the restrictions governing the use of National Lottery funding which in the past have inhibited strategies to combine Lottery and Treasury funding in the most cost effective way. Policy guidelines for National Lottery funding should be reviewed to ensure that they are sufficiently flexible for its investment to work strategically, effectively and flexibly alongside Treasury funding.

8. The impact of recent changes to DCMS arm’s-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

8.1 Currently the impact of these changes remains unclear. Our concern would be that of those DCMS arms length bodies that remain, the Arts Council is not expected to assume responsibility for the work and activity of either the abolished Film Council or the MLA.

8.2 Recently the Arts Council has evolved into a strong, efficient, outward looking organisation. It has amply demonstrated its commitment to drive down costs while maintaining the quality and effectiveness of its advice, support and expertise.

8.3 Any expectation therefore from Government that the Arts Council should assume additional responsibilities without additional resource would compromise the core mission of the Arts Council and undermine its success over the past fifteen years in championing the arts in England.

9. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

9.1 The UK is renowned for its unique mixed model of arts funding. The evidence of the last 15 years confirms that small amounts of public money work hard to stimulate a mixed economy culture that is internationally acknowledged and which delivers a real return for the country both in economic terms, and in terms of quality of life and the cohesion of society and communities.

9.2 In the UK, a modern and progressive model for cultural organisations has been developed which brings together public funding and private enterprise. However the model is finely balanced and if public funding is significantly reduced, the knock-on effect will be profound and the private sector will not be in a position to make good reductions in public funding.

9.3 In the current economic climate, the maintenance of public funding for the Arts is more important than ever. Commercial and philanthropic organisations will be facing financial challenges. This is particularly true of the Trust and Foundation sector in the UK which relies upon the performance of large capital funds as the means to support their grant giving to arts organisations. It would be a dangerous assumption to make that commercial and philanthropic giving could replace reductions in public funding for the arts.

10. Whether there need to be more Government incentives to encourage private donations

10.1 As we have previously stated, the award of funding from an independent national funding body with proven artistic knowledge and expertise such as the Arts Council is already proven to be an effective incentive which levers funding from the private sector and philanthropic sources.

10.2 We would advocate reform of the current structure of the HMRC Gift Aid scheme to make it more user friendly for individual giving to the Arts.

September 2010
Written evidence submitted by Wayne McGregor  Random Dance, Akram Khan Company, Jasmin Vardimon Company, DV8 Physical Theatre, and Hofesh Schechter Company (arts 83)

Summary

- The five companies submitting this evidence to the inquiry are all led by visionary choreographers / directors, who create and tour critically acclaimed dance and physical theatre productions.
- Between them the companies have won numerous awards for their work including the Prix Italia, Rose d’Or, International Emmy, Helpmann Awards, Globe de Cristal, Green Room Awards, Prix Benois de la Danse, Laurence Olivier Awards, Time Out Awards, IMZ Dance Screen Awards, Critics Circle Awards, and South Bank Show Awards.
- The Companies range from the established to the new, with DV8 Physical Theatre formed in 1986 and Hofesh Shechter Company in 2008.
- All receive core-funding support from Arts Council England at a minimum of £200,000 per annum.
- Arts Council England funding supports the creation and touring of the Companies’ productions to venues throughout the UK, and the export of outstanding British dance internationally. This core funding also supports a wide range of other activity including dance training across statutory, vocational and University education including teacher training.
- All five companies provide significant return on this investment through earned income from commissioning, producing and presenting venues, education work, and trust and foundation support.
- Collectively the companies reach audiences in excess of 250,000 in touring years; this does not include substantial audiences across TV film, or participants in the Companies education programmes.
- All five companies successfully engage with and impact on the modern world, for example: Wayne McGregor has been engaged in over a decade of collaborative research into the nature of dance-making and the 21st Century body, particularly its cognitive and biological/technological aspects. DV8’s productions around contemporary social issues such as human rights, religion and multiculturalism have sparked debate and controversies, not least amongst the Muslim community.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

1. The dance sector is thriving as a result of sustained investment over the last 15 years. The 25 – 30% cut that DCMS is currently asking Arts Council to model would, if passed on, completely destabilise the sector. It would result in less new work being made and less access to great new dance for communities across the UK, as the funding from Arts Council England currently subsidises the commissioning of new dance productions and the touring of those productions in the UK.

1 http://www.guardian.co.uk/commentisfree/belief/2009/oct/05/gay-muslims-support
2. Spending cuts are already being felt by Companies particularly through UK touring. With funding directed away from non-essential services at local levels, regional venues throughout the UK find their funding negatively impacted. Whilst venues are still booking shows there is a greater reluctance to pay existing fee levels, and less support is being provided through technical staff and resources. This results in a potential double cut to dance touring companies if funding is reduced through venue fees at a local level, and core subsidy to the companies at a national funding level.

3. Touring within the UK for Companies at this level is a loss leader whereas the Companies break even or make money from international touring. However it is vitally important that great British dance, subsidised by the British public, is toured throughout the UK to give people access to great art within their communities. The work often has a particular relevance within the UK, and historic funding increases to some of these companies were predicated on increased national touring.

**What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale**

4. This inquiry prompted an initial meeting between five companies who work on a similar economy of scale – all touring at the middle and large scale in the UK, and undertaking substantial touring internationally. There is a great willingness to explore working together but it has to be recognised that the companies are businesses with different models and different ‘product’ that in some way are in competition with each other.

5. Although discussed, it was agreed that it is inherently difficult for the companies to work closely together on education, or the sharing of talent. The education work delivered by the Companies is aligned to each choreographer’s methodologies and works. Sharing dancers assumes homogeneity to the works produced by the Companies, which is definitely not the case for the five represented here, whose differing styles and genres of works require different talent.

6. The Companies are however committed to further conversations and tangible efforts to explore working jointly on marketing & publicity; to build expertise across technical and production staff; the sharing of finance operations; and shared administration on touring and company management. It is anticipated that this could be valuable in thinking of new ways of working and sharing knowledge. The Companies were in agreement that outsourcing would not be considered as previous efforts had not proven cost effective.

**What level of public subsidy for the arts and heritage is necessary and sustainable**

7. The level of public funding necessary varies significantly between dance organisations with the range of models funded including producing and touring dance companies; agencies – local, regional and national; and independent choreographers, dancers and educators. However there is agreement that all organisations in receipt of regular funding from the Arts Council have a responsibility to generate between 30 – 50% of turnover from other sources.

8. Very few of the organisations within the dance sector would survive without a basic level of regular subsidy. It may be possible to tour, and perhaps deliver education programmes reactively but it would be impossible to create new work without Government investment.
9. The sustained increase in investment in dance over the last 15 years has resulted in the largest number of people ever watching and participating in dance\(^2\). With continued or increased investment, the dance sector would be able to increase distribution through being able to take greater risks in underwriting the touring of work, giving more access to audiences, and furthering audience development for dance.

10. The dance sector plays a vital role in society in bringing communities together, in positively impacting on health and wellbeing and creating work that inspires and challenges individual thinking and creativity. The dance sector generates significant return on Government investment, and contributes to the economy through job creation and income through tourism and export.

**Whether the current system, and structure, of funding distribution is the right one**

11. We strongly support the existence and role of Arts Council England. The organisation has a streamlined and effective funding system, providing regular ongoing funding to a wide range of arts organisations, and a simple open application-funding stream through Grants for the Arts for time limited specific projects.

12. The regular three-year funding allows organisations to plan effectively and work strategically with a wide range of partners. It is vitally important that this regular funding remains focused on core funding, which is the singular most difficult area to secure from other resources.

13. Specialist staff within the Arts Council rigorously assess this regular funding, and in principle we support that this specialist assessment can lead the Arts Council to take the difficult decision to disinvest in organisations.

14. Grants for the Arts funding supports a very wide range of activity and has simple streamed application, and processes. However we note that this funding stream has been negatively impacted by the diversion of Lottery funding to the Olympics with success rates reducing.

15. In addition to its two main funding streams we also strongly value and support Arts Council England’s role as advocate for the arts sector in the UK. It has lately been particularly excellent in informing and galvanising the sector on key issues relating to arts policy and development, and demonstrates a strong understanding of the environment and operations of arts organisations.

16. We are concerned however on recent consultation by Arts Council England to reintroduce strategic funding. We believe that the current system, of ensuring that the majority of funds are invested directly into the sector, is the most productive spend of DCMS and Lottery funds. We also believe that since the 2002 restructure, which brought the Arts Council of England together with the nine regional funding bodies, the role of ‘HQ’ has yet to work effectively. We believe that this HQ role could be managed effectively between the four regional teams.

**What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organizations**

17. We strongly support restoring the percentage share of Lottery funding to the arts back to 1998 levels. With a minimal percentage of total Government funding

\(^2\) [http://www.danceuk.org/metadot/index.pl?id=22613&isa=Category&op=show](http://www.danceuk.org/metadot/index.pl?id=22613&isa=Category&op=show)
directed to the arts, any funding increase is to be welcomed.

18. The change has the potential to disadvantage the arts sector if the increase in Lottery funds is used to correspondingly reduce the percentage of Government funding directed to regular funding for arts organisation. Organisations who previously had to rely on Lottery funds to top up their Company’s regular grant are acutely aware of the negative impact on a Company’s ability to work strategically and plan without appropriate core grants. Companies have to put significant human resources into the preparation of competitive applications, are unable to plan in advance with venues, and have to respond to differing reporting requirements. This all takes up valuable staff time within companies resulting in lost time to exploit other opportunities. A mixed economy of Arts Council funding is debilitating to organisations, and debilitating to organisations achieving Government goals for arts delivery.

19. The average audience reach of over 250,000 people across the five companies demonstrates the significant impact regular funding has on our ability to plan, particularly with venues.

20. We believe that arts organisations will continue to work closely with the voluntary and community sectors to ensure great arts experience and participation opportunities for all. We believe that this will mitigate against the corresponding reduction in Lottery funds directed to these groups.

Whether the policy guidelines for National Lottery funding need to be reviewed

21. We support the current National Lottery policy guidelines for the Arts Council of England.

The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council

22. The abolition of both these organisations without consultation within the sectors affected has created a climate of fear within the cultural sector. It is also more difficult for us to understand the Government decision behind this abolition without consultation to refer to. Whilst Government has indicated that the funding for UK film will continue to be invested through the BFI, it is not clear how the specialist expertise provided by the Film Council will be replaced or how decisions will be managed to ensure successful investment within this important British cultural sector.

23. A particular concern for the arts sector is the impact of the Film Council decision on investment in the Regional Screen Agencies. These agencies work closely with the arts sector on increasing the distribution of British art through the creation of film and installation work, and greater exposure and access to great British art through the digital screen network.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

24. We note that the current Government regularly points to the United States arts funding model as the example for increased philanthropic giving to the Arts in the UK. There are inherent problems in using the US model as an example of how long term philanthropy could play a role in funding the arts in the UK. Direct US
contemporaries of all five companies involved in this submission have been unable to achieve anywhere near the successes of the British companies in this submission, primarily as a result of solely having to rely on philanthropic giving. They have not received the same level of international acclaim or awards for their work, with limited investment in new productions, as extremely few philanthropists will invest in the making of work. They commonly have to support their Company activity with positions in dance faculties diverting time and energy away from making their own work. They tour minimally in the US with extremely limited international exports as they require greater investment than companies coming from countries with public subsidy, and they are able to provide little education and learning activity in the US. We cite Robert Moses Dance Company and Brian Brooks Moving Company as evidence of US companies surviving, not thriving as a result of no public subsidy for over 15 years.

25. In addition support for younger artists in the US is non-existent – historic US government support was partly responsible for the development of the major US dance artists we know today e.g. Merce Cunningham, Trisha Brown etc, however there is no support for the new generation of US artists coming up now. The Hofesh Schechter’s of the US do not have the opportunity to emulate the huge successes that this company has delivered to national and international audiences over the last three years. The significant successes of the five companies identified in the summary paragraph are all underpinned by sustained public funding. The most exceptional and successful dance companies in the last 20 years have thrived in countries where public arts funding is very strong such as Germany, Belgium and the UK.

26. The global economic crisis is now severely impacting on philanthropic investment in the arts in US, and efforts in the UK will be similarly hampered.

27. We also note that efforts to secure business and philanthropic investment require significant human resources to support them.

28. All this being said a number of the companies involved in this submission are actively working on philanthropic giving but it is generally acknowledged that the current financial climate is challenging for philanthropy drives. Philanthropists have also been extremely clear that they are not interested in regular funding, or plugging gaps that occur as a result of decreased Government spending in the arts.

Whether there need to be more Government incentives to encourage private donations

29. It is difficult to change the UK tax incentive model to that of the US as the majority of people within the UK do not have to submit tax returns. However, the majority of philanthropists do and therefore allowing them to directly deduct their philanthropic giving from their income before tax is deducted (as opposed to the Charity’s claiming that back from Government) would further incentivise private donations in the UK.

September 2010
Written evidence submitted by Northern Ballet (arts 84)

I am writing on behalf of Northern Ballet in response to the Culture Select Committee enquiry into arts funding.

- Northern Ballet is a national touring narrative ballet company based in Leeds. We are committed to creating full-length productions that appeal to a wide audience and tour throughout the UK and overseas, developing new audiences for dance.

- We tour to more towns and cities and give more performances than any other of England’s large ballet companies (Royal Ballet, English National Ballet, Birmingham Royal Ballet).

- Northern Ballet gives great value for money. We create more new full-length work than any of the other large ballet companies and in the past 10 years we have commissioned an unparalleled 10 new full-length ballets.

- Northern Ballet achieves this on far less public subsidy than the other major ballet companies. We receive less than half the subsidy from Arts Council England than the other major ballet companies receive.

- Northern Ballet is a creative and high quality company working within tight budgets. We are a shining example of working in partnership with other organisations. We have already had a funding cut and further funding cuts will result in a fundamental change in who we are and what we do.

- I believe Northern Ballet is a representation of the impact the funding cuts will have on a touring company and therefore although I am representing my company, I am sure I am adding a voice to the many others you have already heard from.

1) Funding and the impact of proposed funding cuts

Northern Ballet is an Arts Council England regularly funded organisation and receives 57% of its income through public funding. Northern Ballet is also supported by Leeds City Council and West Yorkshire Grants. We generate the remainder through ticket sales, from trusts and foundations, through sponsorship and individual donations.

Although the Company receives public subsidy it does so at a much lower level than all the other large ballet companies in England. Despite this, in 2009-10 Northern Ballet gave 168 performances in the UK, touring for 26 weeks in 16 different venues (in any one year Northern Ballet may tour to Aylesbury, Bath, Bradford, Canterbury, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Llandudno, London, Manchester, Milton Keynes, Nottingham, Sheffield, Woking); reaching an audience of slightly less than 121,000 people.

Northern Ballet gives great value for money. We create more new full-length work than any of the other large ballet companies (Royal Ballet, English National Ballet, Birmingham Royal Ballet) and in the past 10 years it has commissioned an unparalleled 10 new full-length ballets.

Dance is the fastest growing art form in the UK and Northern Ballet is leading this growth in the North. At a time of uncertainty we are riding high on the success of our move to new headquarters and the creation of a new full-length ballet, Cleopatra.
(opening February 2011). We are championing growth, ambition and innovation at a time of economic uncertainty.

Northern Ballet takes risks and gives opportunities to young choreographers. For example, it commissioned Cathy Marston, rising star of British dance, previous Associate Artist of the Royal Opera House and Artistic Director of Bern Ballet, to choreograph A Tale of Two Cities on the Company. This was an unprecedented risk artistically and financially which other companies weren’t prepared to take.

Northern Ballet is a much-loved company with loyal audiences stretching from one end of the country to the other. Our audiences tell us they enjoy the emotional engagement they get from our performances and the way in which they are made to feel part of the Northern Ballet family.

Northern Ballet was recognised for the work we have done to raise the profile of dance in the UK, through our national tour, when we were awarded the Patron’s Award at the National Dance Awards in 2009. The Company has carved a unique place in the UK’s cultural landscape and was voted Britain’s favourite dance company for three consecutive years at the National Dance Awards. This was the only award voted for by the public and is a reflection of the impact and popularity our national tour has on audiences around the UK and further afield.

It is widely accepted that Northern Ballet has always been an underfunded company so the threat to funding will hit the Company harder than many of the larger, well-supported ballet companies. The proposed funding cuts will have a catastrophic impact on us and our audiences. We will not be able to continue with the level of creativity for which we have become renowned.

Northern Ballet will be unable to commission the new productions for which it has an unrivalled reputation and we will have to rely on old existing repertoire. With this in mind, we would also have to cut the number of dancers in the Company which means that we won’t have enough dancers to perform the majority of productions in our repertoire. We would also have to cut the number of performances and the reach of our tour, which means that towns such as Hull would be starved of high quality, home grown, dance. The towns and cities to which we tour would not benefit from the economic impact our touring brings through, for example, parking and restaurant receipts.

2) A landmark new building for the North
The spectre of funding cuts comes at a significant moment for Northern Ballet. We will move to new purpose-built headquarters in central Leeds in October 2010. It is a landmark new building which has received funding from Leeds City Council, Yorkshire Forward, and Arts Council England, Yorkshire. It will be the largest purpose-built space for dance outside London featuring Europe’s largest dance studio at 15m x 30m. It will be unique in housing both a classical ballet company as well as a contemporary dance company (Phoenix Dance Theatre) and the Northern Ballet Academy. Leeds Metropolitan University’s Higher Education performing arts and dance courses will also take place in the building. Northern Ballet successfully raised more than £12 million and secured support from both the public and private sector for the new building. The campaign allowed us to forge new links with philanthropists in the region with whom we are building relationships for the future. These individuals though have made it clear to us, and in the press, that they will add to public funding but they are not prepared to replace it.
The new building is an opportunity for the Company to work in facilities that are fit for purpose, that allow us to work more creatively and will allow the public to have access to our work in ways they haven’t been able to before. Our provision for people of all ages will increase. This should be a time of celebration and growth for Northern Ballet. It will be an outstanding resource for the whole of the North of England.

The new building is an asset against which we hope we will be able to generate income through space hire for conferencing. However it will also cost us a considerable amount to run, an additional £200,000, which we will need to generate at a time when our funding is being cut. It is a distinct possibility that this glorious new centre for dance might, through necessity, become a glorified conference venue rather than a hub of creativity and education which it ought to be. It is a dilemma facing many arts organisations which have been fortunate to have had a capital project and although we are grateful for the support we have received, the challenges facing us cannot be underestimated. We want our new building to be a vibrant beacon of success, of how the public and private sectors can work and exist together to create a successful enterprise. We fear the funding cuts may not allow the project to prosper.

3) People dancing
The new building will also allow us to expand our successful Academy. The Northern Ballet Academy is the only Centre for Advanced Training (CAT) for classical dance in the UK providing young people from across the North with a pathway to a professional career in dance. We have young people who travel to Leeds from as far afield as Hull and Blackpool several times a week because provision does not exist in their home towns. Our teachers have all been professional dancers and the quality of teaching is unparalleled in the region. Our new building will be an inspiration to these young students and indeed to the wider community in Leeds who have themselves supported our new building.

Northern Ballet’s busy and ground-breaking education department works with schools and community groups throughout Leeds. It tours with the Company delivering talks and workshops for all people. We are particularly successful at delivering activity for Visually impaired people including touch tours and audio-described performances. The department also works internationally and has led projects working with young learning disabled people in China for three consecutive years.

We will be unable to deliver such outstanding educational activities for people to participate in. This will affect a few thousand people but multiply this by the other arts organisations who face similar cuts and the impact will be devastating on the people who enjoy these activities, whether for fun or for fitness. Our commitment to ensuring our activities are as accessible as possible will remain and our fear is that only those who can afford to attend our performances and participatory events will benefit from them. It would be a tragedy for all the schools and communities we visit to lose these activities.

4) A successful business
Founded in 1969, Northern Ballet has grown to become a successful business. We employ more than 80 people including 40 dancers and the threat to our funding will lead to cuts in salary to a workforce who are employed in a sector where salaries are not high, and it would ultimately lead to redundancies. We would therefore not be as productive as we could be; we would not be able to market ourselves as effectively which would lead to a drop in ticket sales, thereby affecting our earned income. Cuts would also affect the touring venues we perform in and again the venues would recoup their loss in part by increasing the costs to touring companies.
Northern Ballet is respected internationally and we are proud to act as cultural ambassadors for our region and for our country. Most recently we have toured to Hong Kong, Macau, Miami, Barcelona and Milan. Performances in Bangkok and Beijing are planned for later this year. Our productions are also performed by other companies around the world; for example our production of Carmen was recently hired by the Royal New Zealand Ballet. As such we are a successful exporting business.

We work in partnership with arts organisations already and our shared premises with Phoenix Dance Theatre are testament to this. We have good partnerships in education and business but the private sector will be unable to support the arts on the scale required to fill the proposed funding gap.

I recognise that the arts have to take their share of cuts in public spending and we are prepared to do so. I support the call for any cuts to be back-loaded in order for us to try and find a resolution that would not spell the end of a Company which has spent 40 successful years building audiences for dance and building a successful business with a reputation for innovation. I urge the Government to consider the positive impact the arts have on peoples’ lives, the economic rewards it brings and the contribution it makes to the tourist and business offer for towns and cities throughout the country. Northern Ballet is a British success story. The proposed cuts to arts funding will severely impact the potential achievements of our remarkable company just as we embark on a bold new future.

*September 2010*
Written evidence submitted by Cultural Learning Alliance (CLA) (arts 85)

The Cultural Learning Alliance (CLA, www.culturallearningalliance.org.uk) is a collective voice working to ensure that all children and young people have meaningful access to culture in this difficult economic climate.

The CLA was created to develop and advocate for a coherent national strategy for cultural learning. We work alongside the main cultural and learning bodies, the relevant government departments and their national agencies, and regional and local partners.

The CLA brings together the education, youth and cultural sectors, including schools, academies, colleges, universities, libraries and museums, and other organisations working in film, heritage, dance, literature, new media arts, theatre, visual arts and music.

The CLA currently has over 1,500 signatories, including over 1,000 individuals and over 450 organisations. The following organisations are among those that form the CLA: Arts Council England; Calouste Gulbenkian Foundation; Clore Duffield Foundation; Creativity, Culture and Education; Foyle Foundation; Museums, Libraries and Archives Council; National Campaign for the Arts; National Skills Academy: Creative and Culture; Paul Hamlyn Foundation; and the Specialist Schools and Academies Trust.

The CLA believes that:

- Cultural learning transforms the lives of young people and the families and communities that surround them.
- Cultural learning inspires civic engagement, raises aspiration and is key to helping neighbourhoods to make positive changes. It equips young people with the skills and experiences to drive forward our creative industries and contribute to our economy.
- Cultural learning takes place within and beyond learning institutions. Schools, colleges and universities, and youth, arts and cultural organisations are critical partners in delivering work at a local level.
- Young people who have the opportunity to learn through and about culture are better equipped to achieve across the curriculum, and to take responsibility for their own learning. Attendance and attitude are both improved by engagement with culture.

Our submission to the Committee’s inquiry is based on the views of teachers and the cultural sector expressed through a widespread national consultation on cultural learning undertaken in 2009, and more recently through our web and social media channels.

Summary of our response

- The recent and future spending cuts will have significant impact on cultural learning as both Arts Council and local authority subsidy is reduced.
- Cultural organisations are in a position to respond effectively and swiftly to the needs of parents, neighbourhoods and children and young people. They are experts in creating new and innovative solutions and working in partnership.
- New legislation and emerging government priorities are opening up more opportunities for arts organisations to work at the grass-roots level with
communities. There are a number of steps that can be taken to help provide excellent cultural learning opportunities in this landscape. These include the development of a national, online, searchable information resource, the development of local cultural learning consortia and the creation of a single national monitoring and evaluation tool.

- Public funding for core education and learning staff within cultural organisations must be maintained, as must the proportion of the subsidy for the arts and heritage which goes to work benefiting children and young people. In other word, the percentage of arts and heritage subsidy for cultural learning should be safe-guarded.

- Arts Council and DCMS funding agreements should include the education and learning activities of the organisation receiving funding. Any new local structures for spending public funding related to children and young people, education and culture must be made accessible to cultural organisations. Arts and cultural organisations and children and young people, should also be involved on decision making bodies.

- Although the national policy guidelines for the distribution of lottery funds are broadly supportive of cultural learning, this priority must be maintained through any review and could be strengthened.

- It is essential that the MLA and UK Film Council functions and programmes relating to cultural learning and the associated resources and expertise in these organisations is valued and transferred to other bodies.

Response to questions

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level.

1.1. Local authorities are losing champions, advocates and brokers for cultural learning. Officers responsible for cultural and creative practice are leaving their authorities due to pay freezes and their positions are not being filled. There is a fear that this will lead to the loss of the role these officers have performed in advocating to their colleagues in housing, environment, education, planning and other areas, and in enabling those colleagues to understand how culture can be embedded in their programmes. This would mean fewer opportunities for children to participate in culture via the wide breadth of community programmes local authorities offer. Schools, youth providers and voluntary organisations rely on local authority colleagues to broker partnerships with other local cultural providers. These cuts will make it much more difficult for these organisations to identify and work effectively with others.

1.2. The cuts to Building Schools for the Future (BSF) have had a real impact on secondary school plans for cultural learning. Many schools were using the investment to create cultural facilities and spaces for the express benefit of clusters of partner schools, local communities and cultural organisations, and the voluntary and third sector, as well as for their students. These spaces were often planned as specialist facilities, offering opportunities for engagement and skills development for the cultural and creative industries for both adult and young
participants. For example, Rainhill High School in St Helens has been told that their £14m BSF programme will not be going ahead. The new mixed community / school use build and remodelling was planned to focus on the arts with an emphasis on performance spaces, as well as the use of mobile technology to facilitate film and animation as part of learning.

1.3. Time and budgets for training and professional development are being significantly reduced in local authorities. This represents a very real threat to networks, membership organisations and providers of training opportunities. For example, Earlyarts, which provides a network and training for creative early years practice, is concerned that their intensive training for professionals from the arts, early years and cultural sectors could be impacted upon, which would mean a reduction in the number of children who will receive benefits from the training and resulting creative and cultural experiences.

1.4. The withdrawal of funding from Find Your Talent has had an impact across the country. This cut means, directly, that children will have less opportunity to participate in the arts over the next two to three years. The CLA has also been told that the cuts to Find Your Talent funding are affecting other programmes. Find Your Talent teams acted as valued local resources, working as hubs across a range of programmes (often only part-funded by Find Your Talent itself). There is also a great deal of concern that the new models of integrated and effective partnership working, which were being tested by Find Your Talent, will now not be captured, and the learning will not benefit the wider sector.

1.5. Cultural organisations are beginning to find that learning budgets are decreasing as a result of cuts to their overall budgets. This is an impact of cuts to both their Arts Council funding and their local authority subsidy. For example, Modern Art Oxford have recently cut 40% of their core learning team which will have a major impact on the number of projects and programmes they are able to deliver.

2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale.

2.1. Development of a national, searchable online information resource which allows schools, youth partners, arts organisations, parents and young people to identify and contact each other. This would take some initial central resource, but information about initiatives and organisations would then be managed by the local partners.

2.2. Development of local cultural learning consortia. These would include cultural organisations, Specialist Schools and Academies relating to the arts and culture, FE colleges, local music and arts services, parents and young people. These consortia could respond to the needs of individual schools, youth and community organisations as they arise and will be able to provide streamlined information and services. They would also be able to pool their resources, such as developing joint bids for programmes, sharing training opportunities.

2.3. Working with the CLA to create a single set of monitoring and evaluation criteria and a universal evaluation tool which meets the needs of local
partners. Arts and cultural organisations spend a great deal of time and resource monitoring and evaluating their work to demonstrate value to a range of targets. By creating a single simple tool information on effectiveness and outcomes could be easily shared and compared and duplication eliminated.

3. What level of public subsidy for the arts and heritage is necessary and sustainable.

3.1. It is essential that core funding for learning teams within arts and cultural organisations is maintained and championed. Cultural organisations are extremely effective in raising funds for their cultural learning work from a range of sources, including schools, local authority children’s services and from trusts and foundations. However, these sources do not cover the core costs of the posts which manage and deliver this work.

3.2. It is essential that support for a board and diverse range of arts and cultural organisations covering cultural forms including theatre, dance, music, film, literature, heritage, new-media and visual arts is maintained in spite of any reduction in subsidy.

3.3. The proportion of current subsidy to organisations for the delivery of opportunities for children and young people in relation to the overall subsidy of arts organisations is currently at broadly the right level – although scrutiny of such expenditure by funders is probably insufficient (e.g. with national museums) – and this level of expenditure should be maintained through any reduction in overall subsidy for the arts.

3.4. Many local authority arts, culture and audience development teams deliver front-line cultural learning activities as well as providing brokerage, advice and support. These functions should be taken into account when decisions about public subsidy are being made, with provision made to maintain this activity.

4. Whether the current system, and structure, of funding distribution is the right one.

4.1. Arts Council England’s funding agreements with arts organisations often do not cover the work the organisations do with children and young people. Any new system should ensure that this area of work is fully addressed and supported through this mechanism. Funding agreements should also facilitate and encourage collaborative working.

4.2. Cultural organisations have previously worked through local authority children’s service infrastructures to access commissioning funding for their work with children and young people and families. As new local delivery systems emerge, following changes in policy, it is essential that schools, community organisations, local authorities and bodies such as Local Enterprise Partnerships are able to directly fund and partner cultural organisations for the delivery of services and outcomes for children and young people. Cultural organisations are key grass-roots providers and can deliver effective, sustainable and competitive learning and social programmes. They should also be a part of the decision-making process for funding at local and national level.
4.3. The Arts Council’s Grants for the Arts programme has been a good mechanism for the distribution of lottery funding, although the application process is still a lengthy task for small organisations. However, Grants for the Arts does not currently cover activity that benefits individual schools, something which should be considered if the subsidy for any other activity in this area is reduced.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations.

5.1. The CLA welcomes the Government’s plans to return the National Lottery to its original good causes of art, sport, heritage and the voluntary sector.

5.2. The abolition of UK Film Council will mean that the lottery funding previously distributed by this body will be transferred elsewhere. It is essential that priorities relating to children and young people are maintained during this transfer.

6. Whether the policy guidelines for National Lottery funding need to be reviewed.

6.1. The CLA is pleased to see the inclusion of a clause stating ‘the need to inspire children and young people, awakening their interest and involvement in the arts’ within the Lottery guidelines of Arts Council, Heritage Lottery Fund and Sport England. We feel that this could be strengthened within the guidelines of the Big Lottery Fund.

6.2. We would also like to see the following priorities included as a result of any review:

- The need for the training and development of cultural and education professionals in the delivery of a cultural entitlement to children and young people.
- The need to involve children and young people in the development of projects related to activity with, for and by them.
- The need to evaluate programmes simply and effectively to gather learning and information which can be shared with others.

7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council (MLA).

7.1. Both the MLA and the UK Film Council deliver excellent programmes related to cultural learning. For example, the MLA’s Strategic Commissioning programme supports young people to campaign on local issues that affect their communities, and supports work placements in cultural institutions. It also provides vital joint training opportunities for teachers and cultural professionals. The UK Film Council has been an instrumental partner in funding the 21st Century Film Literacy Strategy, which supports a network of key providers of film education, offers training and development and creates educational resources. **It is essential that these functions and programmes relating to**
cultural learning and the associated resources and expertise are valued and transferred to other organisations.

7.2. The MLA has been instrumental in joining up a range of cross-cultural services to provide efficiencies and streamline front-line cultural learning services. For example, the Working With Children’s Services strand of the London Cultural Improvement Programme hosted by the MLA has been developing new models of supporting local partners to share practice and support each other in the delivery of common priorities. Programmes of this nature should be maintained in order to support communities and cultural organisations as they transition to a new policy and delivery landscape.

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level.

8.1. Arts and cultural organisations are extremely successful in attracting funding from both business and philanthropists to their learning programmes for children and families, to match public funds. This success is underpinned by core learning team staff who are able to work with communities and schools to pull programmes together and fund raise successfully. Businesses and philanthropists have not been in a position to fund these key long-term positions and it is therefore critical that public subsidy continues to be used as a way of partnering and levering this private investment. Philanthropists wish to see core funding covering key posts.

9. Whether there need to be more Government incentives to encourage private donations.

9.1. Any additional tax incentives to encourage cultural giving would be a good thing. Private support should be encouraged, facilitated (through tax incentives) and celebrated.

September 2010
Written evidence submitted by the Royal Court Theatre (arts 86)

1) The Royal Court
The Royal Court is the UK’s leading new writing theatre. It stages up to 14 new plays every year across two theatre spaces, many of them world premieres, and has a world-renowned reputation for producing original, contemporary and challenging new plays.

Since it was established in 1956, the Royal Court has staged more new plays than any other theatre in the world. Many of these have gone on to become seminal classics - John Osborne’s *Look Back in Anger* and *The Entertainer*, Richard O’Brien’s *The Rocky Horror Show*, Sarah Kane’s *Blasted*, Caryl Churchill’s *Top Girls*, Polly Stenham’s *That Face* and Lucy Prebble’s *Enron* to name a few.

*Jerusalem* by Jez Butterworth was the smash hit of 2009: It swept the board at industry awards and enjoyed a 12 week West End transfer, a brilliant example of subsidised theatre feeding the commercial sector. A transfer to Broadway is planned in 2011, which will promote the best of British culture in America and bring revenue back into the UK. Jeremy Hunt MP cited *Jerusalem* in his keynote speech and commended the mixture of public and private investment that underpinned its germination and enabled its commercial life.

The Royal Court responds to more than 3,000 writers every year and is a hub of activity and support for new and emerging playwrights. It is the research and development wing of new writing in the UK and writers who began their careers here are produced regularly in major national and international venues – Joe Penhall, Mike Bartlett, Conor McPherson and Mark Ravenhill are just a selection of writers who started out at the Court and have since written for the National Theatre. The International Playwriting Programme also works in over 30 countries across the globe. Little of this work is income generating and is reliant on public and private investment.

In the financial year ending 31 March 2009, the Royal Court’s total income was £5.4 million. £2.2 million came from Arts Council England with the theatre raising a further £3.2 million through trading, fundraising and ticket sales. In percentage terms, income is broken down as:

- 38% income from Arts Council funding
- 21% income from box office income – no tickets are more than £25 and all tickets on a Monday night are £10
- 21% income comes from fundraising
- 16% from commercial activities and other public funding

2) Impact of proposed funding cuts

a) On the Royal Court
The Royal Court, like many UK arts organisations, survives and excels because of its mixed funding ecology. Regular and long-term funding from Arts Council England is essential to covering the running costs of the theatre and gives the Royal Court the opportunity and the remit to stage new work that questions, challenges and innovates. But it is critical to the success of the Royal Court that it raises a significant portion of its income from sales, trading and fundraising. In doing this, the theatre maintains a delicate and vitally important balance in its funding base, which is essential to ensuring artistic integrity and good overall management of the organisation. Additional income
streams are already sought out and maximised and we take an entrepreneurial approach to West End transfers and other similar opportunities.

The Royal Court is a breeding ground for artistic talent and feeds theatre, film, radio and television. Stephen Daldry and Danny Boyle both worked at the Royal Court in the formative years of their career, as did leading actors such as Carey Mulligan and Matt Smith. Best known for finding and producing new writers, the Royal Court has also supported some of the UK’s leading directors now directing in theatres across the UK, including Terry Johnson, Jeremy Herrin, Bijan Sheibani, Joe Hill-Gibbins, Jamie Lloyd and Nina Raine. If the Royal Court’s income is cut, the theatre will have to produce less work, resulting in fewer opportunities for emerging talent, which would damage the whole of UK theatre as a result.

Businesses and philanthropists already play a long-term role in arts funding and from our conversations with current supporters it seems highly unlikely that this will increase significantly nor be able to cover the proposed reduction in Arts Council England funding. In fact the breadth of our work is a major factor in securing the level of philanthropic support we achieve. Tickets on a Monday night are subsidised in autumn 2010 through a sponsorship with French Wines, whilst Theatre Local – the Royal Court’s new venture in the Elephant and Castle shopping centre – was made possible by a major partnership with Bloomberg. More still can be done by Government and the sector to promote philanthropic and charitable giving amongst the wider UK population and to explain and simplify Gift Aid rules. American fundraising is fed by tax incentives and structures, which do not exist in the UK, and further investigation into these possibilities, would be beneficial.

b) On Arts and Heritage
The impact of the funding cuts will be far-reaching and destructive for the following reasons:

- Artistic innovation and experimentation, essential to a thriving arts and cultural climate, will suffer as organisations have greater dependency on private philanthropic sources, which are more likely to stipulate specific grant restrictions or conditions

- A reduction in core funding will almost certainly lead to staff cuts or redundancies; yet, paradoxically, the government’s expectations are that arts organisations need to increase fundraising income - which will necessitate more fundraising staff. If projects are cut because of cuts in funding, then there will also be fewer opportunities to fundraise for. Staff and resources are already thinly spread and the average salary in subsidised theatre is significantly lower than other voluntary organisations and the commercial sector

- Arts organisations will have to compromise the number of productions on stage / exhibitions per year, with falling income affecting the creative industries’ economy as a whole. The creative industries are one of the most profitable areas of government spending - British theatre generates over £2 billion annually for the UK economy, is a magnet for tourism and in London alone last year generated £76 million in VAT on tickets

- Commercial theatre, media and film will also suffer – over 40% of all plays in the West End in 2009 started in the subsidised sector (e.g., Jerusalem, Enron, War Horse) and of the 187 Academy Award nominations given to British nominees, 145 of them went to people who started their careers in subsidised theatres/arts organisations
• It is well documented that participation in the arts is of great benefit to health, education, regeneration and community cohesion; cuts in government funding will compromise these programmes, having a much wider social, educational and economic impact.

The proposed return to the founding principles of the National Lottery’s “good causes” (which included the arts) will only part-cover the loss in proposed government funding cuts and furthermore only do this from 2013, post Olympics. In order for small and medium organisations to benefit from Lottery funding, the application process and grant management processes must be radically changed and simplified. Most arts organisations have very small fundraising teams and it will be difficult to manage complex funding arrangements with such limited resource.

3) Collaboration in the Sector
In answer to the Select Committee question on what arts organisations can do to reduce duplication of effort and make economies of scale, it is essential to understand that theatres and arts organisations already collaborate prolifically.

The Executive Directors of several London-based venues meet regularly to share ideas and best practise, whilst there are networks and forums to encourage exchange between fundraising and marketing departments across the theatre sector. Similar networks exist in other arts forms too. In this way, information is shared amongst organisations, duplication in practice minimised and opportunities for collaboration maximised.

Further collaboration is being pursued by the Royal Court and our peers, including the National Theatre. For example, many arts organisations are too small to have their own experts on employment law or Information Technology and it may be possible to broker the purchase of professional advice more cheaply between several companies; there are other back office functions where resources could also be pooled.

4) Summary
There is an understanding and acceptance of the plan for a reduction in public investment and the Arts do not expect to be treated as a special case. However, the planned phasing of the reduction in investment levels is crucial if we are to avoid devastating a thriving industry. We support the Arts Council England view that first year reductions should be minimised in order to give this sector the best chance of continuing to deliver the wide range of benefits it has achieved for the population as a whole and the profile of our nation across the world.

*September 2010*
Executive Summary

- The following submission from the British Library seeks to answer a number of the questions put forward by the Committee.

- We have made suggestions as to whether the current system, and structure, of funding distribution is the right one; how arts organisations could work more closely together; whether businesses and philanthropists should play a long-term role in funding arts at a national and local level; and if there should be more government incentives to encourage private donations.

- In our response we detailed the funding model of the Library and suggested ways for the government to amend the structure of funding distribution, such as allowing the Board to make its own appointments in order to increase fundraising potential. We also detailed ways for the government to encourage more private donations such as simplifying the Gift Aid rules and addressing the tax rules for living authors. We concluded that the Library is very different in its fundraising potential from other cultural institutions and already employs a mixed economy funding model.

Introduction

1. The British Library was established by statute in 1972 as the national library of the United Kingdom. It is one of the world’s greatest research libraries - it benefits from legal deposit and is the main custodian of the nation’s written cultural heritage. The Library’s incomparable collections have developed over 250 years; they cover three millennia of recorded knowledge, represent every known written language, every aspect of human thought and a sizeable sound, music and recordings archive. The British Library plays a vital role in the life of the nation as a cultural heritage resource by:
   - managing, preserving, and ensuring access in perpetuity to the UK’s national published archive and the national repository of sound
   - comprising an integral component of both the national research infrastructure and the UK Science Base
   - playing a correspondingly significant role in ensuring the research excellence of the UK.

2. The British Library contains a vast array of inspirational material and expertise that supports every sector from the creative industries to science, technology and medicine; small businesses to major pharmaceutical companies; school children to lifelong learners; academics to authors:
   - Through the services of our Business & Intellectual Property Centre, we support entrepreneurs and SMEs in developing, protecting and exploiting their ideas, and in growing their businesses.
   - Through our learning programme we provide £1m worth of resources to 1.2 m teachers and school students who visit our learning website each year.
   - We support the Government’s lifelong learning policies by providing resources to everyone who wants to do research; 43 per cent of people using our newspaper collections are personal researchers doing genealogy or local history projects.
We supply 100 per cent of the world’s top 100 R&D spenders in industry with our document supply service.

CURRENT FUNDING OF THE BRITISH LIBRARY

3. The British Library is a world class cultural institution. The Library’s collections and expertise are used daily by authors, scientists, TV and film producers, business people, academics, genealogists and local historians, making a vital contribution to the UK knowledge economy. For £95 million a year from the tax payer – just £3.72 each – the Library contributes wide ranging economic and social benefit to the UK, supporting all parts of the economy including culture, industry, business, learning, creative industries, international development, science technology and medicine, and higher education. We also help ourselves to the tune of £22 million a year – 20% of our total funds – through commercial income and fundraising. An innovative public sector body, we have pioneered new business models to support our public funding. For every £1 of public funding, the British Library generates £4.40 for the UK economy.

4. The British Library’s main source of funding is the Grant-in-Aid we receive from DCMS. Since the early 1970s, the British Library has supplemented Government funding with other sources of income in a mixed economy including philanthropy, commercial revenue generation, and partnerships (e.g. from research councils).

The following points seek to answer some of the questions raised by the Committee inquiry.

IS THE CURRENT SYSTEM, AND STRUCTURE, OF FUNDING DISTRIBUTION THE RIGHT ONE?

5. The Library believes that cultural institutions need to innovate and plan strategically for the future. In order to do this we would argue that there is need for a more open, mature and constructive relationship as far as central government’s relationship with NDPBs and local government is concerned, one that is more long-term and risk-based.

6. For the British Library this might include:

- **Secure and stable public funding** - the provision of secure and stable public funding over five years (avoiding the trend of annularity and associated micromanagement)
- **Establish pricing and charging policies** - the freedom to establish pricing and charging policies without recourse to the Secretary of State
- **Cross-departmental working** - enabling more cross-departmental working, breaking down departmental silos
- **Borrow in a responsible way** - the freedom to borrow in a responsible way for investment, such decisions to be taken on the basis of cost efficiency
- **Carry-over** - the removal of restrictions on carry-over from one year to the next (EYF)
- **Set up trading companies** - the power to set up trading companies and the power to establish its own terms and conditions
- **Joint ventures** - the removal of restrictions on participation in, and delegation to, joint ventures
- **Capital project expenditure** - the removal of requirements to seek specific approval for capital project expenditure / submission of option appraisals
• **Freedom to operate** - freedom to operate outwith other existing public sector requirements as appropriate
• **Pay negotiating remit** - the full freedom to establish its own pay negotiating remit
• **The Board** - the power for the Board to appoint its own members; the full participation of the Board in the appointment of its Chair. This would facilitate more integration and support for fundraising activity at Board level.
• **Reserves** - the freedom to use our own reserves

**HOW CAN ARTS ORGANISATIONS WORK MORE CLOSELY TOGETHER?**

7. By leveraging our strengths through new business models and innovative partnerships and being open to engagement with the public, commercial and third sectors, the British Library is taking steps to increase innovation, productivity and efficiency.

**Developing partnerships**

8. We have helped ourselves through agreeing a series of partnerships with the public and private sector, including the arts, and have been successful in attracting external investment to supplement our GiA to enable us to digitise important parts of the collection and make these accessible electronically. This has involved innovative working with a number of partners both in the public and private sector. Some examples of these success stories are shown below:

- **MOU with the BBC.** The MOU seeks to develop new ways of integrating access to nearly a million hours of BBC TV and radio content and over 150 million British Library items - significantly increasing access to research material across both national institutions for the benefit of researchers and the wider public. It also proposes that the BBC and British Library collaborate to develop viable approaches on important issues -such as rights management, distribution of archive content, digitisation and storage.

- **Society of Chief Librarians.** The public library service is an integral part of the wider library network and the British Library fully supports its aim to be vital and relevant in the 21st Century. The Library believes that public libraries have a key role to play: in the free exchange of information and access to knowledge in support of active citizens in a democracy; in supporting literacy and digital literacy; and in informal and lifelong learning. We support the public library network through our document supply and bibliographic services and work closely with the Society of Chief Librarians (SCL) to ensure robust representation of the sector through advocating the value of Library services.

- **MOU with the Joint Information Systems Committee.** We have attracted £4m of funding from the Joint Information Systems Committee (JISC) and the National Science Foundation (NSF) to increase online access to our collections for research education.

- **Online publishing, brightsolid.** part of DC Thomson publishing has recently invested in a £40m project to digitise up to 40 million pages of Newspapers from our collection, unlocking the nation’s newspaper collection digitally.
• **Digitisation.** We worked with Microsoft on a £5m project to digitise 19th century books. These books are now available to download free onto the Kindle ebook reader via Amazon.

• **Commercial publishers** including Cengage Gale and Proquest have, over the past 10 years, invested tens of millions of pounds and in kind support for the creation of digitised assets from the Library’s collections – now owned by the nation.

• **In kind investment.** The British Library Business & IP Centre opened in March 2006 with a grant of £1.2m from the London Development Agency (LDA) with a further £2.4m for the period April 2007 – March 2011. The Centre is match-funded by a British Library contribution of £2.3m per year and has helped 150,000 small business people since it opened. The Centre has attracted £8.2m of in kind support since the Centre opened.

• **Centre for Conservation.** The Library works with arts and educational organisations to promote conservation skills which are internationally renowned. For example Camberwell College of Arts offers a two-year Book Conservation course developed in collaboration with the British Library. The course has been created to help address the need to increase the number of conservators specialising in the field of book conservation.

**HOW CAN BUSINESSES AND PHILANTHROPISTS PLAY A LONG-TERM ROLE IN FUNDING ARTS AT A NATIONAL AND LOCAL LEVEL?**

9. Library fundraising has been established over the last decade to source philanthropic and sponsorship income to supplement our public funding. Our success has been built on developing long-term relationships with a number of individuals, charitable trusts and businesses and we will continue to cement relationships and further develop existing ones. In addition, sustainability is a key issue for corporate, individual and trust funders as they focus on the long term impact of their support. This is an important part of the British Library’s mixed economy funding model.

10. In the Library’s experience donors like to support specific projects which have visibility within the organisation. Fundraising can therefore help us develop our programmes, but they cannot help us fund the core costs of running the Library.

11. Examples of our recent successes in philanthropy and sponsorship are:

• **Heritage Acquisitions.** We have saved for the nation numerous treasures - for example, Sherborne Missal, My Ladye Nevell’s Booke, Sforza Hours - through matching private donations with GiA and grants from the Heritage Lottery Fund (HLF) and the National Heritage Memorial Fund (NHMF). In total, since 1983 we have leveraged £15m from the HLF and NHMF.

• **Greek Manuscripts Online.** We have secured approximately £1m from a major Greek foundation to create an online resource of our Greek treasures. In return for the Foundation’s support, we have provided some strategic advice to the National Library of Greece and have involved colleagues there in our online project.

• **British Library Centre for Conservation.** We were successful in raising the matching sum of £6m towards this state-of-the art facility which opened in
2007 and has helped us to gain international recognition as world leaders in book and manuscript conservation.

- **Manuscript collections.** For every £1 of GiA we attract £1.60 from philanthropic sources, linked to Manuscripts, to supplement our income.
- **PACCAR Gallery.** We secured a gift of £1m to rename our temporary exhibitions gallery, after our first, corporate naming arrangement came to an end.
- **The British Library Learning Centre** The Library will shortly be opening the Harry M. Weinrebe Learning Centre which has been fully funded through private donations. The Centre will deliver academic excellence by supporting the national curriculum and giving learners the skills to work with original source material in the digital age. £500,000 was raised through fundraising activity by the Library’s Development Office, which took approximately 3 years to achieve. With support from the Dorset Foundation, John Lyon’s Charity, the Wolfson Foundation, British Library Patrons and an anonymous donor, the Harry M Weinrebe Centre offers an expanded, refurbished and fully digital enabled space to help schools to deliver national curriculum subjects to A-level and CPD opportunities for teachers. It will also be a hub for the community and family programme and will allow the British Library to deliver a national programme supporting the development of digital research skills.

**DOES THERE NEED TO BE MORE GOVERNMENT INCENTIVES TO ENCOURAGE PRIVATE DONATIONS?**

12. The following points provide suggestions as to how the government could encourage a more conducive market for giving.

   **a) Gift aid reform**
   Simplifying the Gift Aid process would make it easier for donors who are higher rate taxpayers to claim the tax benefits due to them. In addition, the current system requires donors to opt in to Gift Aid: encouraging donors to opt-out instead could increase the number of donors signing up to Gift Aiding their gift and simplify administration. We think that a composite rate of Gift Aid will discourage higher rate taxpayers from giving as their tax benefit will be reduced (this is important for us as we estimate that around 75% of our donors will be higher rate taxpayers); in addition, donors could be encouraged to transfer all of the tax benefit to their preferred charity instead of HMRC retaining a portion of it.

   **b) Living Authors**
   Manuscripts of modern and contemporary UK authors are finding a ready market abroad, despite the best endeavours of UK public institutions and funding bodies to acquire them for their collections. Authors are at a disadvantage internationally with regard to taxation when selling their papers in the UK. As archives are considered to constitute professional outputs, authors are required to pay income tax on their sale and tax relief is available only to writers’ estates, preventing writers from settling their affairs during their lifetimes.

   **c) Recognising donors**
   This could include recognising donors in the honours system.
13. In November 2005, we formally submitted two proposals to HM Treasury:
   - To extend the **douceur arrangement** with regard to inheritance and capital gains tax to income tax for living authors selling their papers to a designated UK public institution by private treaty
   - To extend the **Acceptance in Lieu of tax** scheme to all tax liabilities to enable pre-eminent writers to settle during their lifetimes the permanent location of their archives

14. Under the **douceur** arrangement, tax liability on an estate is waived, and the benefit split between the vendor and the public institution. Acceptance in Lieu is acknowledged to be well-run and effective in encouraging owners of pre-eminent cultural works to sell them to public institutions in lieu of tax liability. We continue to press for these changes and are encouraged that the House of Commons **Culture, Media and Sport Select Committee**, in its 2006 report on Caring for our Collections, recommends the extension of the **douceur** to income tax, and the extension of Acceptance in Lieu to benefit living creators. There are tax incentive schemes for cultural property operating in several other countries, however most govern donations by owners, rather than specifically sales by the creator. In the Republic of Ireland, there is evidence that measures there (Section 1003 tax incentives and the Heritage Fund) have led to an increase in acquisitions by public collections.

   We continue to seek resolution for these important issues.

**CONCLUSION**

15. The British Library is very different in fundraising potential from other institutions including those in the arts. We are the only income-generating national library in the world. Therefore a combination of commercial income-generation and fundraising is the model we have focused on.

16. The British Library employs a mixed economy funding model, working hard to secure the necessary public funding whilst supplementing this with partnerships with other public, private and third sectors.

17. We have recommended ways for the government to amend the structure of funding distribution, such as allowing the Board to make its own appointments in order to increase fundraising potential and have detailed ways for the government to encourage more private donations such as simplifying the Gift Aid rules and addressing the tax rules for living authors.

   *September 2010*
Written evidence submitted by the Crafts Council (arts 88)

Introduction:

1. The Crafts Council welcomes the opportunity to contribute evidence to the Commons Select Inquiry into Funding of the Arts and Heritage. Our response addresses point one of the review: ‘What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level.’

2. Our view, supported by research conducted in the period 2004 – 2010, is that:

- Craft is an enterprising sector in which businesses and social enterprises bring about a range of significant economic and social impacts;
- The public sector plays a crucial role in maximizing the sector’s impact, through small and specific, intelligent interventions made at key moments in the business lifecycle.
- The loss of these interventions would undermine the sector’s potential and the economic and social benefits it brings.

3. In our analysis, we draw on our 2004 sector mapping study, our craft ‘Sector Profile and Analysis’ document, and further research we undertook in 2010 to investigate portfolio working in the contemporary craft sector, craft graduate career paths and the size of the market for contemporary craft.

4. We consider that entrepreneurship and social enterprise will become increasingly important within the arts and heritage, in a time of public sector austerity. Craft demonstrates clearly how modest public sector investment and intervention can unlock creative entrepreneurship which would otherwise remain unrealized.

Direct economic impact:

5. Craft businesses make a small yet significant, direct contribution to the UK economy, comparable in GVA terms with music. The whole craft sector:

- Employs 88,250 people in the UK.
- Makes a £3bn annual contribution to the UK economy, higher than that of the visual arts, cultural heritage or literature sectors.
- Represents 13% of all those employed in the UK’s creative industries.
- Contributes 12% of the creative industries sector’s GVA (in comparison with music at 17% and design at 24%).
- Demonstrates higher employment growth rates than any other creative industries sub-sector (11% between 1997 and 2006).

6. The contemporary craft sector:

- Employs just under half of the craft sector: 34,744 contemporary makers work in England, Scotland, Wales and Northern Ireland.
- Produces a turnover in excess of £1bn per annum.
- Doubled in size, in terms of value of sales, between 1994 and 2004.
- Serves a market of 16.9 million people in England, and a further potential market of 9.6 million people in England.
7. Actual direct economic impact is likely to be significantly larger than indicated above, as available statistics exclude crucial elements of the craft sector production cycle (e.g. trade, retail, education).

Spillover benefits:

8. Entrepreneurial portfolio working is prevalent in the contemporary craft sector: studies show 50–70% of makers working entrepreneurially to create careers in this way. Whilst we represent a sector which is particularly well-placed to work across the creative industries and beyond, we are certain that this phenomenon is repeated in other areas of the arts.

9. Our recent research found makers work in a far greater range of places, and with more different types of people, than previously realised or recorded. From fashion to film, hospitals to heritage, manufacturing to mental health projects and from retailing to residential courses, the research showed that makers are entrepreneurial and highly motivated in applying their practice across industry sectors and community and education settings. We found that:

- Makers work in the wider creative and cultural industry sectors, and beyond. They have developed their craft knowledge and craft thinking into uniquely valuable consultancy services. They apply the expressive value which defines craft as a ‘core creative field’ within the creative economy, contributing specialist knowledge to the performing arts, film, television and digital media. They contribute to economic growth in sectors such as manufacturing, driving innovation in products and processes through their materials knowledge. Their particular understanding of how people relate to material qualities and objects, in both a functional and emotional sense, informs distinctive contributions in fields as diverse as healthcare and cultural tourism.

- Makers move with agility between different projects, finding creative impetus in their engagement in other sectors and settings. They are excited by how different elements of their portfolio practice creatively feed off each other and do not always see a distinction between ‘own work’ and ‘other work’. Makers are keen to collaborate and always actively looking for learning. They demonstrate resourcefulness and resilience, using entrepreneurial strategies to sustain a successful portfolio practice.

- Makers are engaged in community based projects in a wide variety of settings, facilitating people to work from their interests, concerns and existing skills to find new ways of expressing themselves. Craft participation uniquely offers people the opportunity to work with materials, make objects with meaning and permanence, while engaging in conversations that build individual worth and community value. In terms of craft and the social contribution of makers, the practice and the people give material voice to those who are often ‘hard to hear’. Through making, participants attain a sense of achievement and ownership; experience the enjoyment of the immediacy and concreteness of materials; and build confidence, self esteem and a sense of value.

- Makers working in educational settings support students to gain confidence through the processes of making and realising the achievement of producing something. This increases their sense of autonomy and control, which can have positive impacts on their personal and academic development. Students learn specific craft skills, become more aware of the origination and characteristics of materials and also develop more general, transferable skills such as coping with problems and finding that ‘things don’t always go right’, but that they can learn from this. Makers are able to work with more freedom than is often allowed to
teachers, in turn giving the students more freedom, enabling them to follow different making paths to express themselves as they need and want.

**The Role of Public Sector Funding:**

10. Our research shows that makers are driven by pursuit of their creative, professional and ethical goals to engage in highly entrepreneurial and proactive business behaviour. Often without high levels of available working capital, they invest significant time into their businesses, typically contributing over 40 days each year to research and development alone as well as becoming highly networked and proactive in seeking out new opportunities.

11. For the majority of makers reviewing their career for the purposes of our research, this investment in their own development had been matched by interventions from arts / creative industries support agencies, Higher Education Institutions (HEIs) and generic business support services, which had enabled business start-up and / or catalysed growth. In particular:

- Short, focused courses, run either by specialist creative business support agencies or by Business Link, had equipped makers with the basic information they needed to start up in business and to consider new directions (such as export) in business strategy.
- Mentoring at mid-career stage had often lead to the ‘eureka moments’ which unlocked creative and business potential, enabling makers to identify their unique capabilities and skills, or to find ways of applying these in new ways. Many mid-career makers described having become ‘stuck’, perhaps over-committed to too many different elements of a portfolio career, lacking time or investment to innovate and develop new work, and / or unable to find new markets. In all cases, mentoring or other forms of Continuing Professional Development had clarified business aims and objectives, and set the maker on course for further business growth and creative development.
- Brokering and knowledge transfer programmes had connected makers with industry partners, leading to new products, services and innovations for both partners. In particular, knowledge transfer partnerships between Higher Education Institutions, local industrial companies had enabled makers to increase their scales of production and local companies to develop new competencies, marketable to other clients.

12. Whilst we understand that Higher Education is not the focus of this enquiry, we also note that public sector funding of teaching and research in HEIs also plays a particularly significant role in the craft sector, with the majority of makers being graduates of honours degree courses, and with HEIs undertaking cutting-edge research which leads the sector in terms of innovation.

13. Our considered view is that specific, timely and appropriate forms of Continuing Professional Development (CPD), developed and funded by the public sector, are crucial to business and creative growth within micro-enterprises without large available assets or working capital. Such businesses are prevalent, not only within contemporary craft but also across the arts and heritage sectors. Without public sector investment, these businesses and social enterprises are – in many cases – unlikely to reach start-up, and are – in others – unlikely to reach the scales of production, quality of innovation, reach of market or impact on communities or economies of which we know they are capable.
September 2010
Written evidence submitted by the City of London Corporation (arts 89)

Introduction

1. The City of London Corporation welcomes the opportunity to contribute to the Committee’s inquiry. The City Corporation is one of the principal funders of the arts in the UK. This support now forms part of the City’s focus alongside the promotion of the City as an international finance and business services centre. The mix of modern culture and ancient heritage in the City is a defining feature setting it apart from many other financial centres.

2. The City Corporation currently spends around £80 million on cultural activities. It owns, manages, sponsors or co-funds a range of activities, including the Guildhall School of Music & Drama (GSMD), the Guildhall Art Gallery, the Barbican Centre, the Museum of London, the City of London Festival, the London Metropolitan Archives, the London Symphony Orchestra (LSO), Spitalfields Festival and the City’s libraries. It also commissions public art as part of its street scene strategy, and maintains major green spaces in and around London, such as Hampstead Heath and Epping Forest. There is also a broad range of heritage and archaeology within the Square Mile itself and the City has a growing reputation as an area for modern architecture and design.

Impact of spending cuts

3. Government funding received by the City Corporation for its public functions is, like any other public authority, expected to be reduced in the next spending round. Although the precise level of reductions in grants are still to be determined, all services are likely to be affected to a lesser or greater extent. Despite its strong continued support for the sector, since a large proportion of the City’s contribution to the arts, culture and heritage (68% or over £55 million) is derived from its public funds, it is inevitable that there will be budgetary pressures on the City’s cultural offer. These pressures will also fall on the City’s private contribution and the City does not have the capacity to use its own resources to fill any funding gap that may arise.

4. There are therefore serious concerns over the impact of spending cuts on the arts and heritage. Arts institutions have always faced some difficulty in balancing budgets, even in less economically constrained times, so the impact of even small cuts in funding can be expected to be severe. To mitigate the cuts, some institutions may seek to increase revenue generated through box office and other admissions which may see ticket prices increase. Many mainstream users of arts institutions will be responsive to price increases and as a result, overall patronage may fall. This in turn may lead to more conservative programming and greater risk aversion by institutions in order to attract greater numbers.

5. The effect of proposed cuts may be more acute on the heritage side since heritage requires long term funding for ongoing maintenance and curation if it is to be safeguarded for the future. For example, the Museum of London is London’s statutory repository for archaeology. It runs the London Archaeological Archive and Research Centre, London’s deposit store for archaeology and reduced funding will undermine the Museum’s ability to fulfil this role effectively. As a consequence, public access to its collections and its learning programmes, for which it has an international reputation, could suffer. In the run up to the Olympics at a time of wanting to see London's and the
UK’s arts institutions looking their best, as the world’s eyes are on London, any reduction could reflect badly.

**Reduce duplication and make economies of scale**

6. It is reasonably easy to talk about pooling resources into shared administrative structures but in reality the political and practical barriers can often be considerable, especially in the arts where competitive advantage is based on innovation and originality, and collaboration is not a natural route for the sector. Nevertheless opportunities for shared services between similar activities could still arise although these will mostly be in generic services such as finance and HR rather than specific services. However, there is no reason why resource sharing should be restricted to institutions in the same sector. For example on the Barbican Campus, the Barbican and GSMD have conjoined all their generic services (finance, HR, estates, facilities, box office, IT etc) even though one partner is a higher education institution (HEI) and the other is in the performance sector. At the same time, both organisations retain those services which are specific to their sector and which help to constitute their organisational integrity. For example, as an HEI, GSMD has retained its student support systems because they are fundamental to the organisation.

7. Furthermore, shared services can be a stepping stone to more interesting forms of artistic and educational synergy, as has proved the case with the Barbican, GSMD and LSO collaboration to create an international arts and learning quarter at the heart of the City of London. This ‘alliance for creative excellence’ has recently received £2.245 million from the Higher Education Funding Council for England’s Strategic Development Fund, which will enable the three strategic partners to create a new model for partnership working between higher education and the creative and performing arts. The first outward-facing signs of this collaboration was the formation of a new Creative Learning division, whose activities underpin every aspect of the Barbican’s arts programme, and the launch of Centre for Orchestra providing orchestral training, education and early career support for young professional musicians studying at the Guildhall School.

8. The Museum of London is the lead partner in the London Museums Hub working in partnership with the Geffrye Museum, Horniman Museum and London Transport Museum, in the development of a vibrant, diverse and sustainable museum sector. The Hub’s aim is to make the region’s museums more relevant and enjoyable. To achieve this, the Hub is building on existing strengths within partner museums in order to develop a concentration of expertise within the sector. This expertise is then disseminated to the regional museum community in order to deliver high quality museum services.

9. These examples illustrate that it is perhaps easier to implement this kind of arrangement with a different, but complementary, organisation rather than with an institution aimed at the same target audience, as there is much less fear of competition. On this basis, a theatre company could, for example, outsource some of its support systems, say, to a local company that could become the theatre’s sponsor. Both partners would benefit from such an arrangement – the theatre company would be able to reduce its administrative costs and focus on its programming whilst the sponsorship would increase advertising and enhance its corporate social responsibility profile. After all, a lively creative arts scene plays an important role in sustaining an environment in which both businesses and local communities can flourish. Doing away with arms-length bodies, which can help to co-ordinate such activity, may, however, make it harder.
Level of public subsidy

10. It is not easy to put a value on the necessary and sustainable level of public subsidy. The basic principle that public funding should step in when markets fail should apply, but the difficulty lies in objectively determining when the market has failed. As well as making a valuable contribution to the economy, estimated at 7-8% of GDP, the reputational value of the arts is highly significant and has more to do with their intrinsic rather than their instrumental value. The UK’s pre-eminence in the performing and visual arts is crucial to its global standing and assessing whether or not the market has failed will inevitably involve a judgment about perceptions of prestige, particularly at an international level. If other countries stop looking to the UK as a leader in the arts, the market will have failed and too late to address the problems. It would be ill-judged to put at risk a sector in which the country truly excels only for the pursuit of short-term savings. Many institutions also benefit from commercial or philanthropic funding on the basis of a given level of public funding. If one party were to upset that balance by unilaterally reducing its contribution, it may have disproportionate consequences for institutions reliant on that mix.

11. Echoing points made at para 5 above, continuity and certainty of funding is vital for the heritage sector. Nationally, the UK has long understood the importance of providing public funding to sustain documentary heritage as held, for example, in the British Library and the National Archives. It would be a retrograde step to put that at risk.

Policy guidelines for National Lottery funding

12. If funding overall is going to be reduced, it will be important to direct what is available towards initiatives with maximum sustainable benefit. Although this should not preclude revenue funding for specific projects where necessary and appropriate (i.e. not to meet core running costs), a greater emphasis should be placed on funding activities with long-term benefits – e.g. buildings, conservation, cataloguing, digitisation – rather than time-limited events which leave no permanent impact.

Changes to DCMS arms-length bodies

13. It is too soon to give a definitive answer on the impact of the abolition of bodies such as the Film Council and Museums, Libraries and Archives Council. However, whilst the usefulness of the MLA and its impact in the professional environment has long been questioned, in all the various guises it has been through over the years, one thing it did usefully do was create a designation scheme for recognising collections of national importance, and the loss of that is likely to create a gap. Other areas of concern hinge around which replacement body will manage the variety of Government programmes and schemes currently managed by arms length bodies. Such schemes include the Renaissance programme for regional museums, the Acceptance in Lieu scheme allowing taxpayers to transfer works of art and other objects into public ownerships in lieu of inheritance tax, and the Government Indemnity which has allowed some very previous objects to be put on display for which museums may not have been able to afford the commercial insurance. As mentioned in para 9 above, the loss of arms length bodies may also result in a loss of a coordinating voice in the sector.

Role of businesses and philanthropists

14. Arts institutions have in recent years done a great deal to maximise both commercial and philanthropic income. The Barbican Centre is in early stages of a new “Individual
Giving” programme, and a number of links have been made with businesses who have become Corporate Members of the Centre. It also attracts sponsorship from companies for certain events, in particular for its Gallery exhibitions. The Barbican is aiming to increase the amount raised from businesses and individuals in order to develop a more plural funding model, which will be more sustainable moving forward. The Museum of London has similarly been successful in raising funds £20 million from outside donors for its new Galleries of Modern London. Going forward however, cuts in funding may act as a deterrent to external donors and sponsors and lead to a spiral of decline in the Museum’s external fundraising abilities.

15. More generally, the common assumption that philanthropy will fill any funding gap is unrealistic. High-worth donors have already made it clear that they will not bridge the gap. Philanthropists usually want to support success stories and, therefore, donations are normally focused on specific projects or exhibitions rather than on funding core activity. Again, this means heritage projects or services requiring continued ongoing funding may suffer in comparison to arts philanthropy which lends itself better to one-off donations. It should not be forgotten that fundraising itself is a resource-intensive activity, and when budgets are under strain, organisations may find it difficult to maintain capacity in this area.

Encouraging private donations

16. Incentives to encourage private donations are not a new phenomenon and one explanation for the lack of new Government backed scheme to encourage philanthropy is that it is not a simple issue. For example, whilst a possible simplification of Gift Aid could have benefits for lower-rate tax payers, it would be less beneficial for those in the higher income tax bracket who, generally, are the ones more likely to give to the arts. The US tax system is consistently held up as an example of an initiative which actively encourages philanthropy, by giving tax breaks to the donor. It is however overly simplistic to say that the UK should adopt the US model, as there is a long-established culture of giving there and there would have to be a major, long-term change of culture in the UK before we reached their levels.

17. One example from a different sector, the Government’s recent matched funding scheme for donations to HEIs may be an initiative that could be transferred to the arts and heritage sector. The scheme appears to have had a very positive effect and it may be that distributing more public funding on a matched basis may help organisations to leverage donations from individuals and commercial organisations.

September 2010
Written evidence submitted by Ivan Cutting (arts 90)

1. This is a personal statement based on nearly 30 years running a touring theatre company that takes theatre to village halls, arts centres, and theatres from Wick to Woodbridge, as well as churches, schools, aircraft hangars, and, once, the largest potting shed in Europe. We are funded to about £230k annually by the Arts Council, out of a turnover of £600k.

2. There is no doubt that the forthcoming cuts in funding will have a dramatic effect. We are already talking about losing an actor from every production, reducing the opportunities for guest directors (thereby impacting on young directors), making a staff member redundant, and reducing budgets across the board. This is in order to maintain the majority of our work. If we cut more staff it then reduces our ability to produce our Christmas show which pulls in a surplus of £40k and reduces even further our ability to operate. Will salami slicing work? Yes, in the short term, but not in the long term since our staff will be overworked, our reputation will be damaged, and the company’s ability to be creative will be compromised. The point is that arts organisations have to be moving forward, they do not sell baked beans in a tin whereby cost and distribution are the only factors. Each month the product changes and we have to be sure the customers we are selling to represent a good cross section of society. In that sense we are a public service even though we pride ourselves on being business-like, operate under charity law, and yet may be producing the next Oscar winner.

3. Most Artistic Directors run businesses that are very cost conscious, largely because we want to make sure that the largest proportion of our resources goes on stage and produces the maximum effect. No Artistic Director goes into this business to waste money on administration or needless expense on fripperies. Some people have suggested that there is wasteful marketing, chasing the same audiences, but again every AD wants to play to as many people as possible. Directors may come up with excuses for small audiences (“it’s a niche audience”) but we know they would rather have people desperate to get in. That’s not to say there isn’t waste, but we learn to how to minimise it and to learn from our experience.

4. Having spent 30 years running Eastern angles, a small scale touring company in the east of England, I can also say that the effects will inevitably be more deeply felt in the regions where people often rely on one organisation rather than the plentiful supply of organisations in the capital. I can also say that it will also affect touring companies more than buildings since it is all too easy for the one-night-standing company touring to rural areas to be forgotten about. Yet it is precisely this kind of organisation, often with a large rural constituency, that delivers the arts pound back to the taxpayer and reaches the areas other organisations fail to reach.

5. In our area of work there is no duplication of effort or possibility of economy of scale. It takes our General Manager about 30 minutes to pay the wages online and computer programmes mean that finance is a relatively simple operation nowadays. Our HR advice comes free from the local authority. Our most annoying expenses are insurance and the annual audit and we are joining with four other large regional theatres to see if there is a saving on this with collective bargaining. There are no other magic back office savings. It is tempting to assume that Government assumes such savings because it knows its own
record is not good and assumes everyone else is as bad. Our money goes on commissioning writers, creating new work, touring it to nearly 100 different venues annually, finding new audiences and feeding back a view of our region that gives it a confidence and pride that television and film signal fail to do.

6. It’s your job to decide what level is necessary and sustainable, but I would suggest that any level that reduces the level of work distributed, diminishes standards, puts the price beyond that of the average family, or puts our national heritage in the hands of Hollywood or Australian newspaper magnates, is clearly insufficient and unsustainable.

7. Despite being badly treated by this funding system two years ago, resulting in nearly a dozen Members of Parliament writing in our defence, I do believe the current system is a good one and balances regional responsibilities with a striving for excellence and puts the quality of the art rightly at the top of the priorities. The responsibility for access for all and different delivery mechanisms is also rightfully in the hands of a separate body at arms-length from central government. It has its failures and weaknesses but fundamentally it works and has helped the artists to deliver a golden age of productivity since WW2 that is recognised globally and British theatre in the last decade, unlike its football and other sports, has performed miracles both home and abroad.

8. It will certainly assist Arts organisations to be more productive if the National Lottery distribution is returned to its original good causes. I would also like a scheme to subscribe to the lottery where any prize money is distributed to the Arts. I spend Lottery money through our theatre company but personally never buy a ticket (the prospect of instant millionaire-dom is too horrific) but would happily subscribe a monthly sum to salve my guilt feelings.

9. Policy decisions for National distribution I should certainly be strengthened to ensure that less money is directed towards new buildings or expensive restorations of buildings that merely preserve an old order of passive theatre watching. The new ethos of theatre is to find new spaces for imaginative productions.

10. Businesses can and should play a role in supporting the Arts. However, this is not funding the Arts and should be seen as a completely different role, largely because Business has different aims and objectives which should be recognised as such (and hence usually VATable). This generalised use of the word funding is not helpful in these circumstances and leads to woolly thinking. Some large businesses and philanthropists may be able fund large areas of work (which should be VAT free), but what the arts industry needs is easier ways to get the small business involved in a meaningful way with proper rewards., Too often this is only seen in the context of money and advertising, whereas working with business should also be looked at as a source of new audiences, participation and engagement, lifelong learning and being more creative in our daily lives (which should also be VAT free). The VAT issue here is perhaps the boundary maker and closer examination might offer up some better ways of separating funding from advertising.

11. In our own work in developing new theatre projects across a wide range of communities in Peterborough, we are desperate to involve local business since the workplace is often one of the few places where people relate to each other outside of their community and across any racial divides. A community play in 2013 is our target, but there are few means to sign up business involvement between the high end of commercial sponsorship and the low end of charitable donation. We need to find business people who believe in community engagement and help them lever the investment from their Executives and Boards.
12. Private donation is a vast unexplored resource that should be opened up, but with several caveats: it can never nor should replace state funding of the arts – the width and depth of our arts infrastructure is too important to be imperilled by an Americanised system where the distortion is all too apparent. There must be protection against mis-selling so that a few misguided attempts don’t destroy the whole edifice.

13. This is an opportunity to set the arts on a course towards greater accountability and greater freedom which could pay massive dividends in the years to come, but only if the incredible resourcefulness of the Arts and those who work to deliver them is recognised and acknowledged. The theatre industry took a massive step forward with the increased investment in 2002 (or thereabouts). The forthcoming cuts are in danger of wiping out those developments and driving back the forces for change which introduced new spaces, development of new young artists and a celebration of diversity that had not been seen before.

*September 2010*
Written evidence submitted by Jazz Services Ltd (arts 91)

Summary

- This submission is from Jazz Services Ltd, the leading development agency for jazz in England. Further information on Jazz Services Ltd and the UK jazz environment is contained in Section 1, specific responses in section 2.
- Jazz has been historically under-funded compared to other art forms and significant cuts will consequently have a disproportionate effect. The sector is already feeling the effects of funding cuts from, for example, local authorities.
- The jazz sector is heavily dependent on voluntary activity
- The jazz sector has a good record in terms of funded organisations working together. Jazz Services Ltd is also working with UK Trade and Industry and the British Council to promote cultural exports.
- Small arts organisations such as Jazz Services Ltd do not, for the most part, have sufficient resources to make multiple funding applications to a large number of different businesses and/or philanthropists.

1 Introduction to Jazz Services and the UK Jazz environment

1.1 Jazz Services Ltd

Jazz Services provides a voice and support for UK jazz, promoting its growth, accessibility and development in the UK and abroad. Services include advice, advocacy, communications, education, information, marketing, publishing, research and touring. Jazz Services is funded by Arts Council England and with support from the Performing Right Society for Music Foundation. Jazz Services works closely with the All Party Parliamentary Jazz Appreciation Group and with the voluntary jazz sector throughout the United Kingdom.

1.2 Jazz in the UK - A Vibrant National Jazz Scene

There is vibrancy about the British jazz scene that has not been felt since the popularity of Courtney Pine and the Jazz Warriors. The media has taken notice of bands such as Mercury-nominated bands such as Polar Bear, Soweto Kinch and Kit Downes as well as the phenomenally successful Jamie Cullum. Older generations of British jazz musicians such as Chris Barber, Norma Winstone and Peter King are continuing to attract interest.

The upsurge of interest in UK jazz is not limited to London – scenes have developed around students, graduates and teachers in music colleges in Leeds, Manchester, London, Birmingham, Cardiff and Newcastle. The success of jazz education programmes ranging from youth bands to further and higher education jazz courses has contributed to a revitalised jazz scene. Successful British jazz showcases in USA, Canada, France and Germany have won over audiences, promoters and journalists. UK artists are increasingly being featured in international festivals and UK jazz has been profiled in international magazines, newspapers, and on radio and television.

1.3 The Landscape

The audience for people who attend jazz concerts in England is 2.5 million as compared to 3.3 million for classical music and 1.7 million for opera. (Arts Council Taking Part survey 2008/09)

The turnover of the jazz sector in 2008 was £85 million – a slight decrease on 2005 of £86 million due to the ongoing decline of CD sales. (The Value of Jazz in Great Britain, Volume 2)

In 2009/10, the 12 Regularly Funded Organisations (RFOs) for jazz received a total of £1.7 million from Arts Council England which was 2.3% of the total funding of RFOs in 2009/10. Opera received £73.9 million; classical, contemporary classical, early music and chamber music received £140.2 million.

Jazz Services works closely with other jazz development agencies around the UK and together they received £721,247 in 2009/10 from Arts Council England.
The Arts Council of England rightly says the arts give value and that for every pound spent an additional £2 is generated. Jazz and its voluntary sector provide incredible value for money. When help in kind from volunteer ‘trustees’, staff, ‘helpers’ and promoters is taken into account the multiplier is substantial. The National Youth Jazz Orchestra produces £7 for every £1 of public money invested. Wakefield Jazz Club generates £6.69 for every £1 invested and Scarborough Jazz Club £4.99.

The 12 RFOs encompass a number of business models: Jazz Action operates as a sole trader; Birmingham Jazz, EM Jazz, Jazz Services, Jazz Yorkshire, NW Jazzworks and National Youth Jazz Orchestra are not-for-profit organisations; Band on the Wall is a major venue in Manchester; J Night is a promoter in Yorkshire; National Youth Jazz Collective a not-for-profit organisation funded by Arts Council England via Youth Music; and Serious and Tomorrow’s Warriors are private companies whose work embraces both commercial and not-for-profit activities.

The breadth of work undertaken by jazz RFOs and its voluntary sector is impressive: information, websites, news, advice, direct touring, touring grants, direct promoting, schemes for promoters, jazz festivals, recording, recording schemes, music publishing, artist management, education workshops, projects, professional development and training, work in schools and colleges, jazz education awards, youth orchestras, publishing, listings, marketing and PR, advocacy, showcasing and promoting UK jazz abroad. All organisations work or have strong links with a large number of youth jazz orchestras that provide access routes and pathways into jazz throughout England.

2 Responses to specific issues raised by the Select Committee

2.1 What impact will recent, and future, spending cuts from central and local Government have on the arts and heritage at a national and local level?

Jazz runs on a shoestring. Cuts will impact on a sector of music that is heavily reliant on volunteers in boardrooms and jazz clubs across the United Kingdom, not to mention the musicians who effectively subsidise jazz with low wage expectations.

The Value of Jazz reports commissioned by Jazz Services in 2005 and 2008 show there has been a decrease in funding of jazz promoters. Local Authority and Arts Council support decreased between 2005 and 2008 by 10% and 33% respectively and, at a time when greater emphasis is being placed on commercial sponsorship, there has been a 50% decrease in sponsorship.

With the volunteers fighting a stiff rearguard action against the continuing exacerbatory effects of the recession; any cuts would have a deleterious exponential effect – “the multiplier effect in reverse”. It must be remembered that the energy and time given by volunteers is discretionary.

In terms of jazz clubs run by volunteer promoters the margins are very tight. Set out in table one is an example of a jazz club in Yorkshire that operates on the margin. Any deficit is defrayed by ancillary activities such as raffles or by promoters digging into their own pockets.

### Jazz clubs operating on the margin

<table>
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<th>Expenditure</th>
<th>2008/09</th>
<th>2009/10</th>
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</thead>
<tbody>
<tr>
<td>Number of bands booked</td>
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<td>36</td>
</tr>
<tr>
<td>Number of musicians</td>
<td>273</td>
<td>220</td>
</tr>
<tr>
<td>Audience numbers</td>
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<td>2576</td>
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<td>------</td>
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</tr>
<tr>
<td>Band fees</td>
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<td>£31817</td>
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<tr>
<td>Venue costs/publicity</td>
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<td>£10138</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
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<td><strong>£41995</strong></td>
</tr>
<tr>
<td><strong>Income</strong></td>
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</tr>
<tr>
<td>Ticket sales</td>
<td>£38921</td>
<td>£29995</td>
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<tr>
<td>Arts Council England</td>
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<td>£5000</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
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<td><strong>£34995</strong></td>
</tr>
<tr>
<td><strong>Surplus/(Deficit)</strong></td>
<td>(£3535)</td>
<td>(£6960)</td>
</tr>
</tbody>
</table>

Table 1

2.2 What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale.

There is an implicit assumption in the question that the main reason for arts organisations to work together is for reasons of cost-cutting. In our experience, a far more important reason for working together is to achieve outcomes collaboratively which individual organisations would be unable to achieve with their own resources.

Having said that, there may be areas, particularly in ‘back-office’ functions such as finance and ICT, where savings could be made through economies of scale. For example, in the ICT world, there is a trend towards ‘remote hosting’ of computer resources. If such a facility was available to arts organisations, and possibly other charities, at cost price rather than normal commercial rates, this could be an attractive proposition for smaller arts organisations.

It is also possible that organisations could work more collaboratively on their marketing and public-facing side, for example on websites, which could also have the effect of making the arts easier to access. Where there are a number of arts organisations working in close geographical proximity it is possible they could share office space, which as well as reducing overheads could encourage cross-fertilisation of ideas.

In some cases mergers may be appropriate, but this should not be seen as a panacea. Experience from the business world suggests that a large majority of mergers fail to meet their stated objectives for various reasons.

Although cost savings may well be possible from all the above, it is unlikely they will amount to the scale of savings which we have been led to understand are being sought in the Government’s spending review.

The main problem is likely to be that, in general, arts organisations are far from homogeneous in the artistic genres they work in and the type of work they do. There is likely to be little cross-over between, for example, a national music development agency, an art gallery in Manchester and a community theatre organisation in Devon.

In the specific context of jazz, the organisations which are currently funded by Arts Council England fall broadly into the two categories of concert promoters and development agencies. There are areas of overlap between the two categories, and we can and do work together on a number of projects, but the objectives and operations of concert promoters and development agencies are different in many ways. The various jazz development agencies also work closely together, but given their wide geographical spread, it is difficult to see economies of scale other than those mentioned above. There is also potential in working together with development agencies for other forms of music (e.g. world music, folk, classical music) and we are currently exploring these.
2.3 What level of public subsidy for the arts and heritage is necessary and sustainable?

There are two main arguments for public subsidy for the arts and heritage.

The first is economic, that public subsidy for the arts enables far more artistic activity to take place than would otherwise be possible, which in turn provides additional revenue for the government, for example in the form of VAT receipts. In addition to the direct taxes paid to government, there are indirect financial benefits through the multiplier effect and the impact of the arts on the broader economy, e.g. through tourism. It should be borne in mind that for many arts organisations, public subsidy is only a small part of their income, however if it were not provided the organisation as a whole would not be viable.

The second is social, where the benefits cannot be fully quantified in financial terms, but it is generally understood that the benefits to the community are such that the activities should be subsidised. It is difficult to express a minimum sustainable level of subsidy in absolute terms, but our opinion is that it would be counter-productive to reduce subsidy to the point where either a) the reduction in arts activity has adverse economic effects greater than the reduction in subsidy or b) parts of the country, especially outside London, are unable to access the arts as local activity is no longer financially viable.

2.4 Whether the current system, and structure, of funding distribution is the right one.

We strongly support the “arms-length” principle of having Arts Council England determine how arts funding should be distributed to various organisations rather than DCMS. It is undoubtedly a government responsibility to make judgements about what public funding should be given to the arts, and the broad structure of the arts industry in the UK, but we would not see it as a government function to make decisions about the artistic quality and objectives of individual organisations.

It is however important that ACE should make decisions about the funding of individual organisations in an open and transparent manner. This has not always been the case in the past but improvements have been made in recent years and we would like to see these continued.

2.5 What impact will recent changes to the distribution of National Lottery funds have on arts and heritage organisations?

Jazz Services supports the restoration of lottery funds to the arts heritage and sport that had been reduced from 20% each to 16.66% in 1998. Jazz Services notes that the Government believes that funding to the voluntary and community sector will be protected. Jazz Services notes further that local authorities currently receive some £100 million a year from the Big Lottery Fund. This funding will be phased out which could impact on the funding of jazz as organisations compete for scarce funds.

2.6 Whether the policy guidelines for National Lottery funding need to be reviewed.

The policy guidelines need to be reviewed so that they are explicit in that lottery funding is additional and not a top up for Grant in Aid funding. The guidelines should reflect the growing pressure on arts organisations to find alternative revenue streams to replace shortfalls in public subsidy. Consideration should be given to arts organisations who wish to develop income generating schemes. Furthermore the guidelines should reflect the capacity of organisations to submit applications. No matter how excellent the schemes, small organisations rarely have human and financial resources to undertake the major exercise which successful applications entail. Large arts organisations are geared to make large scale applications.

2.7 The Impact of recent changes to DCMS arm’s-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council.

As a music organisation, we do not feel qualified to comment specifically on the abolition of these two councils. However what is important is that the “arms-length” principle is not itself abolished, for the reasons stated above.

2.8 Whether businesses and philanthropists can play a long term role in funding arts at a national and local level.
There is undoubtedly a role for businesses and philanthropists in funding the arts. It is also possible that business tax reliefs could be adjusted to encourage participation in the arts. However many arts organisations, even those which have been successful in attracting private sponsorship, would argue that private funding can only be a supplement to, not a replacement for, public funding. It could also be helpful for businesses to provide support in kind, for example by seconding employees to work part-time in arts organisations, or by providing positive encouragement and sufficient time flexibility for their senior staff to become Trustees of arts organisations, or indeed other charities.

There are however a number of drawbacks to relying on businesses and philanthropists as a source of funding for the arts which need to be addressed:

a. There is a risk that businesses will be “fair-weather friends” for the arts, liable to turn off the tap at short notice in a recession. This has been the recent experience in the USA.

b. Businesses are, understandably, much more likely to fund prestigious and high profile projects, such as festivals. It is far less easy to attract funding to lower-profile day to day activities, which are however just as important in generating employment and exposure for artists.

c. The process of applying for funding and developing relationships can be extremely time consuming. Many smaller arts organisations are successful in managing their relationship with the Arts Council, and possibly one or two other funders, but simply do not have the time or resources to make multiple applications to businesses and philanthropists.

In our own case, as an arts development agency, we have found it difficult historically to attract funding to what is essentially a “back-office” organisation – we don’t have anything very tangible to offer potential sponsors. However this does not prevent us from seeking outside funding where possibilities exist. For example, we obtain advertising revenue from our publication “Jazz UK” and will in the near future also offer this on our website, which is the largest jazz website in the UK. Some of our international showcases have benefitted from media. Also the National Youth Jazz Orchestra, for which we are now responsible, has been successful in obtaining direct sponsorship.

2.9 Whether there need to be more Government incentives to encourage private donations.

Government incentives to encourage private donations could certainly be helpful. However much would depend on how such a scheme would operate. If private, and indeed business, donations were made to a fund administered by (for example) the Arts Council, and individual arts organisations could apply to this fund, it would almost certainly be workable. However if private donations were made directly to arts organisations, the scheme would suffer from all the risks and drawbacks set out above.

September 2010
Written evidence submitted by Peterborough Attractions Group (arts 92)

Introduction

1. Peterborough Attractions is a co-operative of all the heritage attractions who have joined together to promote the rich diversity of the area. Established in 2002 by the groups themselves and the membership now comprises of twelve main sites, including a medieval cathedral, stately homes, volunteer run museums and archaeological sites, heritage railways and the Peterborough Cultural Trust. It promotes and facilitates partnership working between attractions, the sharing of best practice and joint marketing, under the tag line Heritage that is fun for all.

2. Together the members of the Peterborough Attractions own, manage and care for the majority of publically accessible heritage assets in Peterborough.

3. Peterborough is located 78 miles north of London, midway between the East Anglian coast and the Midlands, in Cambridgeshire. The city itself covers an area of 343 square kilometres and is the sub-regional centre for North Cambridgeshire, South Lincolnshire and East Northamptonshire. Peterborough is the most deprived upper tier authority in the region. It ranks 100 out of 354 local authorities in England and 4 out of 48 in the East of England, where a rank of 1 is the most deprived.

4. The Peterborough area retains an exceptionally rich and varied historic environment. The expanding City of Peterborough, with its historic core, modern ‘township’ and commercial suburbs, contrasts with the relatively undeveloped rural hinterland of farmland and villages nestling in the beautiful classic English countryside.

5. The architectural heritage of our historic city, towns and villages, historic buildings, monuments and sites and the rich archaeology to be found in the area are rarely fully appreciated.
   - There are over 1000 listed historic, non-listed buildings and structures and include the Guildhall and Town Hall.
   - Over 60 scheduled monuments and sites.
   - Non-scheduled sites and monuments, parks and gardens.
   - The natural and rural environment features – landscapes, woodlands, rivers, ditches, hedgerows, walls, etc.
   - Built environment features – urban features, townscape, street patterns, village character, etc.

6. In 2007 alone the heritage venues (members of the Peterborough Attractions group) attracted over 387 thousand visitors as part of the total number of visitors to Peterborough. The East of England Tourism report 2006, estimated that the total impact on the local economy through tourist visits to the Peterborough area in 2007 as £253,098,000.

Inquiry Questions

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

7. Locally it is expect that the removal the MLA will be detrimental to the museums sector especially smaller independent museums that rely on the capacity building, advice and small grants programme. The museum sector needs a voice and a body which has high level access into government to promote its needs in a local and national level.

8. There are signs in decline in the number of people working in local authorities conservation and archaeology posts, in Peterborough cuts have affected the cultural trust and the council with the loss of a full time archaeologist and the removal of conservation officers grant scheme. There needs to be proper resourcing for local authority and historic property services.
What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

9. Peterborough Attractions coordinates the marketing of heritage in the Peterborough region. This reduces the duplication of effort and makes economies of scale. The collaborative effort of the attractions makes the organisations more visible and saves on resource and funding. It creates a public enthusiasm for heritage both as a family day out and as a valuable learning tool.

10. Peterborough Attractions also promotes heritage as an important part of the economic health and regeneration of Peterborough to help the city to reach its strategic aims, including having Pride in Peterborough.

What level of public subsidy for the arts and heritage is necessary and sustainable?

Whether the current system, and structure, of funding distribution is the right one;

11. The Heritage Lottery Funding alone cannot solve all funding issues as it only funds project costs and not running costs. There is no equivalent for the arts and business for the heritage sector, so the link between private investment and heritage has been less strongly argued.

What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations?

12. We welcome the proposal to restore the lottery to the original good causes following the Olympic Games, as this will enable the HLF to distribute an extra £50 million a year.

Whether the policy guidelines for National Lottery funding need to be reviewed;

13. Lottery funding should not be allowed to be a substitute for resources which used to come from local government or from regional development funding. In the case of Peterborough, the funding Peterborough Attractions has received from EEDA for marketing has allowed the group to produce joint marketing which otherwise would have been too expensive for some of the smaller members.

The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

14. The closure of the MLA has left those in the process of accreditation unsure of the next step and a bit of a black hole. The advice and guidance given by this body is a valuable resource, especially to volunteer run museums who cannot obtain full time professionals.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

15. Peterborough Attractions believe that businesses and philanthropists have a long term role in city; however funds are needed for projects around maintenance and basic up keep that would not be appealing to philanthropists. Naming rights maybe limited and sponsorship events would be lower than those in major cities with a more extensive heritage infrastructure, e.g. London or Birmingham.
16. Businesses are good in support in kind, for example the support of Perkins to Railworld by team days and donations of unused equipment.

Whether there need to be more Government incentives to encourage private donations.

17. Peterborough Attractions all use gift aid and promote it to their visitors and donors, but some find it difficult to understand and claim and are therefore are missing out on money they could be claiming. A simplified paper system would be an advantage and more assistance given to those who cannot to allow them to process the gift aid electronically.

The Committee will also examine other areas of interest that are raised during the course of its inquiry.

September 2010
Written evidence submitted by Creativity, Culture and Education (CCE) (arts 93)

Executive Summary

1. Creativity, Culture and Education (CCE) has chosen to submit evidence to the Select Committee because we are concerned that recent and future spending cuts from central and local Government are likely to have a disproportionate impact on young people. This risks the long term future of young people’s engagement with the arts and cultural sector as well as having a potentially detrimental impact on the ability of young people from less affluent backgrounds to gain employment within the creative industries and therefore reducing social mobility.

2. We believe young people’s cultural programmes are particularly at risk of cuts as they do not feature as a priority for the Department for Culture, Media and Sport (DCMS) in their structural reform plan. Arts education funding is fragmented across government departments and agencies, with no clear indication on how this agenda is being joined up, which exacerbates the risk of cuts. CCE argues that the issue of young people’s access and engagement with arts and culture merits further investigation as it has an impact on the Committee’s interest in how programmes of work can be better joined up and coordinated.

3. To help address these issues, CCE recommends:

   • DCMS should accept they have a fundamental responsibility – even in difficult times – to ensure that all young people have the opportunity to engage with the arts regardless of their background.
   • The select committee should use this enquiry to assess the impact of cuts on young people’s cultural programmes.
   • CCE believes most cultural organisations should give cultural learning a core role in their work.
   • Educational and cultural organisations must ensure they prioritise those without access to cultural learning opportunities.
   • To aid this, local authorities and regional agencies should make cultural learning a more explicit part of their planning for children and young people’s programmes.
   • Cultural and learning organisations should work together on cultural learning by building local and regional partnerships.

Introduction

About us

4. CCE is a national independent arts education charity established to support children and young people’s access to the arts and culture. We achieve this by designing and delivering high quality cultural programmes, building a strong independent evidence base and supporting debate among policy makers.

5. We believe all children should experience and have access to a diverse range of arts and cultural activities regardless of their background. This allows children to question, make connections, innovate, problem solve, communicate, collaborate and reflect critically, so they are much better equipped for modern workplaces where employers view these as essential skills.

6. CCE manages Creative Partnerships, the leading European creative learning programme designed to develop the skills of children and young people, raising their aspirations and achievements, and those of their teachers. It matches schools, teachers and students with creative professionals such as artists, architects, multimedia developers and scientists. Together they consider the challenges
the school faces and use creative thinking to design programmes that tackle these. The school’s challenge might be low results, lack of parental engagement, or pupil motivation. Projects are linked to the school’s improvement plan to ensure sustainability of the practice and independent research shows Creative Partnerships can have a significant impact on reducing truancy and improving motivation and attainment.

Why is arts education important?

7. Children who have been exposed to the arts are far more likely to access such opportunities in adult life, enriching the quality of their lives. In addition, ensuring all young people have access to a wide range of cultural and artistic experiences helps to develop their ability to think critically, problem solve and communicate their views. This helps improve their life chances by developing the skills they need to perform well, not only in exams and extracurricular activities, but also to succeed in the workplace and wider society.

8. A recent Ipsos MORI study revealed the differences in young people’s access to arts activities out of school settings and in particular the links between a child’s access to arts and culture and the educational levels of their parents. It found that 60 per cent of children of parents with no educational qualifications spend less than three hours each week on cultural activities and 20 per cent spend none at all – including reading a book or doing creative things on a computer (Mori 2009).

What is the evidence that our approach works?

Impact

9. Ofsted’s 2010 report ‘Learning: creative approaches that raise standards’ recognises the benefits of Creative Partnerships, arguing that creative learning practices in schools are improving standards and pupils’ personal development. It noted Creative Partnerships schools have seen ‘notable improvements in their levels of achievement and in measurable aspects of personal development, such as attendance’. (Ofsted 2010)

The impact on academic attainment and attendance

10. To date Creative Partnerships has impacted on over 1 million pupils and nearly 5,000 schools across England, from Key Stage 1 to 4. The National Foundation for Education Research (NFER) found from a survey of 13,000 young people who have taken part in Creative Partnerships’ activities have achieved, on average, the equivalent of 2.5 grades higher at GCSE than similar young people in other schools. (NFER 2008)

11. The National Foundation for Education Research also explored the impact of Creative Partnerships programmes on attendance and found an educationally significant reduction in truancy rates in Creative Partnerships’ primary schools. It must be stressed that finding educationally significant statistical evidence is extremely rare, and indicates a strong probability that the only explanation for these results is Creative Partnerships is the cause of the observed effect. (NFER 2008)

Impact on parents

12. Another key predictor of the academic attainment of young people is the degree to which parents are involved in their education. The Centre for Literacy in Primary Education (2007) found creative programmes offer low-risk invitations to involve parents, encouraging some to engage with teachers and the whole school. In some cases they found parents took employment at the school as a result of initial involvement in creative projects.
Risks associated with cutting arts education

13. CCE is concerned the impacts of the cuts on arts and heritage spending both nationally and locally will fall disproportionately on programmes targeting children and young people, having a devastating effect on young people’s education and development. This is likely to result in a whole generation of children and young people missing out on opportunities to learn about arts and culture and develop their own talents.

14. Recent cuts have already illustrated this risk, for example the abolition of DCMS programmes targeted at children and young people including: Free swimming for under 16s; A Night Less Ordinary, which provides free theatre tickets to young people; and the Find Your Talent pilot which encouraged five hours of cultural learning each week.

15. We are also concerned that the DCMS five headline departmental priorities listed in their Structural Reform Plan (July 2010), make no reference to engaging and educating children in culture and the arts. This leaves young people’s programmes an easy target for cuts, particularly where they may already be seen as less important within the cultural sector as a whole.

16. We believe making disproportionate cuts in this area is short sighted for a number of reasons:

**Widening the employment divide and reducing social mobility**

17. The creative industries have already been identified by the Government as one of the fastest growing sectors. The CBI noted in July 2010 that the creative industries contribute around 6-8 per cent of UK output and produce exports totalling £16bn every year. It is widely expected that they will continue to grow, generating jobs for many years to come. While competition to enter the creative industries is fierce, it is biased in favour of young people from more affluent backgrounds, who are far more likely to experience culture out of school from an early age.

18. Cutting arts and cultural educational programmes would continue to widen the divide in employment opportunities and future careers between those from more affluent and disadvantaged backgrounds. Young people from less affluent backgrounds still find it difficult to access the sector, with the Creative & Cultural Skills Council recently highlighting the industry remains one of the most impenetrable.

19. Alan Milburn’s *Fair Access to the Professions* report also highlighted this issue: ‘The arts and cultural industries… will be one of our country’s major professions in future. There is strong evidence that children who are exposed to the arts early in life more actively engage with them when they become adults. And yet, middle- and low-income parents wishing their children to participate in a range of cultural activities often find there is no structure to support them in doing so’ (Milburn 2009). Reducing arts education funding risks making this problem worse.

**Fragmentation of the funding system**

20. Responsibility for funding for young people’s initiatives in the arts and cultural sector currently lies across a number of departments including the DCMS and the Department for Education. In addition, individual museums, the Arts Council, Design Council and others will all be submitting individual plans which will include work on young people and the arts and culture. This kind of fragmentation means there is a danger that no-one is monitoring impact of individual cuts in young people’s work on the sector as a whole.

21. Before the election the Conservative Party acknowledged the need for better ministerial coordination between the Department for Education and Department for Culture, Media and
Although this may now be happening, there is little evidence of this in the public domain or clarity for those working in the education or cultural sector. Both departments need to take their fair share of responsibility for addressing this issue, so that cross departmental policy areas such as cultural education for young people are not lost.

Evidence based decisions

22. We are concerned that DCMS departmental cuts are not sufficiently evidence based, and fail to identify the benefits to society that public expenditure is seeking to achieve. This argument is backed up by the Centre for Social Justice’s recent response to the Government’s Spending review framework. It argues that the Treasury should ‘follow business practice and put return on investment at the heart of its spending decisions. It should take into account not just the financial value created from a spending programme, but the social value as well. This way worthwhile programmes will be expanded and ineffective ones identified and scrapped.’ (Centre for Social Justice 2010)

23. The recent systematic review of the research on learning outcomes for young people participating in the arts from the DCMS’ research team CASE aims to strengthen understanding of how best to deliver culture and sporting opportunities of the highest quality to the widest audience. The report highlighted the generally positive impact of arts activities on the development of children and young people. However it recognizes this will not be true of every arts activity. Therefore CCE argues that decisions about which arts education programmes continue to be funded, should be made based on evidence of what has been proven to work.

Combining localism with efficiency agendas

24. CCE is concerned there are competing agendas at play when cuts are being made both at the national and local level. The Big Society aims to encourage community and citizen action to find local solutions to service delivery driven by local concerns and preferences. This offers a great opportunity for citizens to become more involved in shaping services and producing innovative solutions appropriate to the area they live in. We support this approach.

25. However, we recognise the capacity of many communities will need to be enhanced if they are to play a meaningful role. Our approach is intended to ensure that young people and their families develop the skills and understanding necessary to play a full role in defining and developing their own solutions to their community aspirations. Cultural programmes for young people provide a particularly potent way to ensure they are able to articulate and devise solutions to their own problems. Substantial reductions in funding of such programmes are likely to put this at risk.

Supporting cultural organisations to engage with young people

26. The Demos Consultation Paper - Culture and Learning: towards a New Agenda (Demos 2008), reported on research into the views of arts funders and cultural organisations on the provision of cultural programmes for young people. It found some cultural organisations are ambivalent about their responsibilities towards young people. This has organisational implications, with those working in learning often denied senior management status. For example, heads of learning rarely sit on senior management teams and learning can be sidelined within another function in the organisation.

27. The report found ‘although there have been many positive developments and initiatives in both the cultural and education sectors, fundamental problems remain, with learners encountering widely differing experiences. Cultural learning still has a low profile in public and political consciousness.
Shared standards of excellence need to be developed, and consistent levels of provision established.’ (Demos 2008)

28. It recommended that the solution to such a disjointed approach to cultural learning is to have a better regime of evidence and evaluation and a more effective framework for delivery. This would be aided by: better networks for cultural educators and more brokerage. It highlights that ‘Creative Partnerships is the largest and most obvious example, with a now well-established track record and Ofsted-assessed performance. Given the divide already noted between the education and cultural sectors, brokerage is a very necessary function, worthy of extension and investment’ (Demos 2007)

**Recommendations**

29. CCE fears the current lack of priority for children and young people within the DCMS’ structural reform plan may well lead to a whole generation of young people missing out on cultural activities. We argue DCMS should accept they have a fundamental responsibility – even in difficult times – to ensure all young people have the opportunity to engage with the arts regardless of their background.

30. In this submission, CCE highlights that close attention must be paid to monitoring the impact of individual cuts on programmes for young people. Because funding responsibilities often fall between several departments, there is a danger such programmes could be dramatically affected due to lack of oversight and cross departmental working. Given the wide range of evidence which will be heard in this enquiry, this will be an ideal opportunity for the committee to scrutinise this issue.

31. CCE believes most cultural organisations should give cultural learning a core role in their work. Strong leadership from within the cultural organisations is critical in ensuring the learning function is properly represented at senior management and board level. The expertise of learning teams must also be valued and developed and the needs of children, families and carers must be identified and addressed.

32. Without coordinated efforts to broker relationships between cultural organisations and education providers, and with cultural organisations facing budget cuts, support for young people will almost disappear. With this in mind, CCE argues that educational and cultural organisations must ensure they prioritise those who do not otherwise have access to cultural learning opportunities.

33. To aid this, local authorities and regional agencies should make cultural learning a more explicit part of their planning for children and young people’s programmes. In parallel, cultural and learning organisations should aim to work together on cultural learning by building local and regional partnerships.

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*September 2010*
About UK Music

UK Music is the umbrella organisation which represents the collective interests of the UK’s commercial music industry - from artists, musicians, record producers, songwriters and composers, to record labels, music managers, music publishers, and collecting societies.

UK Music consists of:

Association of Independent Music representing 850 small and medium sized independent music companies;

British Academy of Songwriters, Composers and Authors with over 2,200 songwriter and composer members;

BPI representing over 440 record company members;

Music Managers Forum representing 425 managers throughout the music industry;

Music Producers Guild representing and promoting the interests of all those involved in the production of recorded music – including producers, engineers, mixers, re-mixers, programmers and mastering engineers;

Music Publishers Association, with more than 250 major and independent music publishers representing close to 4,000 catalogues;

Musicians Union representing 32,000 musicians;

PPL representing 42,000 performer members and 5,000 record company members;

PRS for Music representing 70,000 songwriters and composers and music publishers.

Executive Summary

- In the short term, cuts in support for the arts will lead to less support for artists and musicians to develop their talent; and fewer opportunities for audiences to be enriched from artistic experiences.

- In the longer term, a significant reduction in public support for the arts could lead to a diminution off the range and quality of the UK’s music culture overall.

- UK Music believes that the system and structure of funding could be improved and we make specific recommendations.

- Businesses and philanthropists can and do play a long-term role in funding arts but are not a substitute for public subsidy.

- The Select Committee invite comments on the abolition of the Film Council. UK Music admires many of the achievements of the UK Film Council and sees the benefits that a strategic body can bring to a sector with growth potential.
Full Report

Impact of cuts

1. UK Music is the umbrella organisation that represents the collective interests of the UK’s commercial industry. Within our membership are those who are heavily reliant on public support for the arts. Public support for the arts inevitably affects the size and strength of the commercial market. The relationship is usually symbiotic.

2. While many individual musicians, performers and composers develop their careers without recourse to public funding or support, the wider music infrastructure in the UK is underpinned by a rich mix of public, commercial, private, charitable and philanthropic interests.

3. Many of the artists and musicians who do seek and receive public support for their work do so at the early, pre-commercial stage of their career with the expectation that they will go on to become commercially successful. In such cases, the public investment provides essential seed funding. For example, some musicians, performers and composers may seek a grant to enable them the opportunity to develop a reputation, track record or fan base. This may be the enabling investment that propels them into commercial success.

4. Music that might be considered experimental or cutting edge at its first airing can, over time, become considered more mainstream and attract large followings. In this way, too, public support for the arts can help give oxygen to music before it is commercially viable.

5. Many other talented artists and musicians are able to sustain viable careers through a combination of public support and other sources of funding and earnings. This may be particularly true for artists working in classical genres and other genres outside mainstream popular music. In such cases, the public investment contributes towards a rich and diverse music culture.

6. UK Music fears that a reduction in public support for the arts, particularly a severe reduction, would in the short term adversely affect creative individuals because they would have fewer opportunities to develop their talent, some of whom may have tremendous artistic potential. Our members are concerned that many of the funding cuts so far have been applied within a short or immediate timeframe. Effective funding for the arts is a long-term process because it takes time to develop artists and engage audiences.

7. For example, any reduction in the public subsidies available to music organisations will almost certainly reduce the amount of copyright music they can programme, with serious implications for classical music publishers. Publishers are already witnessing the fact that performing groups and venues are less able to programme strong seasons and/or programme effectively into the future, which impacts hugely on freelance musicians and composers.

8. The funding of classical contemporary commissions is already in danger of becoming the province of private resources which is unhealthy from a cultural point of view since less-well-known composers stand a better chance of support from public funding.
9. Public subsidy for the arts gives life to art forms that otherwise would not exist. In the longer term, we fear that a significant reduction in public support for the arts would adversely affect the whole music culture in the UK by reducing the range and quality of musical opportunities available to creative talent and to audiences.

10. The benefits of public investment often exceed the value of the initial investment, and the benefits outweigh the costs. The UK has earned a world-renown reputation for its art and its inhabitants enjoy a spectacular range of cultural offerings. Our cultural provides millions of people with experiences that are thought-provoking, enriching, challenging, joyous, uplifting, uniting. Nicholas Sarkozy famously set out in pursuit of how to capture happiness in GDP. Perhaps the UK should do the same.

11. The multiplier effect is also true in reverse, in that the impact of cuts in public investment can be more damaging than the initial cut would suggest, as the knock on effects are felt further down the line.

12. We suggest that strategic approach to deficit reduction would take into consideration the impact that cuts in arts funding might have on tourism, which the Prime Minister identified as a future driver of economic growth.

**Funding structures and efficiencies in public subsidy**

13. Earlier in 2010, UK Music published *Liberating Creativity*, which set out our vision for the next decade. One aspect we considered was public sector support for music.

14. We acknowledged that a great deal of public money is allocated to a number of funding bodies such as regional development agencies, the Arts Councils, Business Link, NESTA, and the Olympics. Each of these public bodies is tasked in some way with supporting creativity, economic growth, or enterprise and innovation.

15. The music industry should in theory benefit from these bodies’ spending as a potential high-growth sector brimming with creativity and enterprise. But we do not have a sense of how that public investment is strategically impacting upon us as a sector.

16. There is a lack of clarity regarding how public expenditure earmarked for innovation, enterprise or creativity translates into strategies for growing the music sector. Such difficulty might be overcome if the Government and public bodies were more explicit about intended purpose, outcomes and beneficiaries of their investment decisions at the outset.

17. For example, when the aim of public investment in music is to stimulate economic growth to create wealth, that aim should be spelled out, and the outcomes should be measureable. For example, the music sector would like to be able to assess what impact the regional development agencies have had on the music sector in each region.
18. When public money is spent on music initiatives which promote social objectives such as furthering the inclusiveness agenda or widening opportunities, that objective should be made clear.

19. Funding bodies should also be explicit about whether their investment in music is intended to promote non-commercially viable but culturally valuable expression.

20. When the strategic objectives are clear at the outset, the role that the commercial sector might play could be more apparent. There may be some areas where the music industry should have systematic input into the allocation of public sector funding in order to increase the value of those funding initiatives. There should be no ideological barrier to public funds being channelled through the private sector in order to meet public policy goals.

21. Arts Council England funds over 150 music organisations and provides development grants to many more. The Arts also work with specialist funders like the PRS for Music Foundation to develop schemes which respond to music sector needs. However, despite some very successful schemes in place, the funding currently allocated by the Arts Councils has developed into a complex ecology. Many in our industry would like to see the Arts Council make the distribution of funding more transparent, and the application process more accessible for those groups more unfamiliar with how to engage with the public sector.

22. Local government, too, are subject of our recommendation on public spending. The best local authorities employ an arts officer to implement a carefully thought-out arts strategy and make inspired use of their own assets – property and spaces – to encourage a thriving music and arts programme in their locality. We would like see all local authorities emanate the best.

23. Premises represent a very significant element of many arts organisations’ costs and there may be scope for some degree of rationalisation in this area. Public investment in premises to house multiple arts organisations in various centres across the country could be a pragmatic and cost effective solution. In addition, the very fact of arts organisations working in close proximity to each other will enable them to find economies of scale in their operational costs that would not otherwise be possible. Furthermore such proximity could be beneficial from a cultural and creative point of view and result in some innovative work inspired by partnerships that organisations may not otherwise have contemplated. Examples of successful cultural hubs to date include the Sage Gateshead and Somerset House in London.

The role of businesses and the private sector

24. The Brit Trust and the PRS for Music Foundation are notable examples of industry funded charitable arts development. As with most private funds, they will not be able to invest more as public funding reduces. The demand for sponsorship already greatly exceeds what is able to be supported.

25. As the PRS for Music Foundation points out, private foundations will be faced with difficult decisions about whether their smaller grants can be safely awarded to organisations which lose their core funding from public sources which is often
key to their sustainability. If smaller private foundations consider their funding to be safest with the organisations which the public sector has decided to back, the diversity of the UK’s most pioneering music providers may be at risk.

26. Commercial music businesses and their trade bodies have a long history of engagement with publicly funded music initiatives and view such involvement as an investment into the future of the music.

27. Government should analyse the system of tax reliefs designed to stimulate investment in innovation and R&D within the context of the creative industries.

Impact on changes to arms-length bodies

28. UK Music sees the benefits that a strategic body can bring to a sector with growth potential. We admire many of the achievements of the UK Film Council.

29. The UK Film Council has not only championed British film and TV production but it has secured tax and regulatory advantages which make the UK an attractive place for all aspects of film production. In particular London now enjoys a special worldwide reputation for film and TV post-production services which generates valuable income for the British economy.

30. Furthermore the use of a peer specialist review system to determine the most culturally appropriate allocation of public funds is tried, tested and workable. Funding decisions for film need to be properly informed and consequently there needs to be an equivalent arm’s length organisation to carry out this function on behalf of Government.

31. We believe these achievements are due in part to the focus and energy that a strategic body can bring when its entire raison d’etre is realising the sector’s growth potential and securing its long-term future.

32. We are all too aware from our own history and experience of the inherent dangers in a piecemeal, fragmented and short-term approach to problem-solving, just as we are aware of the advantages of a coordinated, strategic and long-term approach.

September 2010
Summary:

- Given the relatively small scale of many arts and heritage organisations, there is limited capacity to absorb cuts without significant impacts for both artistic and education programmes. While there may be scope for some restructuring, the savings would not be achievable soon enough to prevent long-term damage to their delivery.

- Arts organisations are already working towards collaboration. This could lead to a more robust approach to funding and deliver better value in the long term. However, a period of transition is needed to safeguard the infrastructure and prevent the loss of valuable knowledge and skills.

- Public funding is an essential part of the mixed economy.

- The moves to rationalise the range of funders is a positive one, provided specialist expertise and important investment programmes and professional standards are maintained. There is also a need to introduce greater flexibility so that new initiatives can establish while securing long-term investment.

- The intention to increase the Lottery funds available to the arts and heritage is welcomed.

- National Lottery Policy should allow the opportunity for early recipients to return for funds.

- While the government has announced the abolition of some DCMS arms-length bodies, it is not yet clear how or if the functions of these organisations will be placed with other organisations. Sector-specific investment is essential to continue and sustain existing improvements and the new arrangements will need to include this capacity.

- The private sector both corporately and individually have been active supporters of the arts and heritage over a long time. The extent to which this can be seen as a major plank of investment in future business models is however questionable.

- Tax incentives along with increased public recognition may improve the number and scale of private donations. However, donors would not respond well if their generosity resulted in withdrawal of public subsidy.

Main response to key questions:

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

   1.1 Both capital and revenue spend on arts and heritage comes from a range of sources. Recent requirements for in-year savings and indicative savings for future years are putting pressure on both capital development and future planning and operations.
1.2 The in year spending cuts that have been applied to date have been in two main areas:

1.2.1 Cuts to project funding both capital and revenue which have been allocated to arts and heritage activity but not formally contracted. This includes funding via the Northwest Regional Development Agency (NWDA) which will have a significant impact on the realisation of major cultural capital projects and on the ability to match funding already secured or to be applied for from Lottery distributors. Manchester’s ability to stage and attract major cultural events and exhibitions together with the marketing of these to attract national and international visitors and profile is critical to the city’s tourism economy and international image. These impacts are both cultural and economic. To date this work has been supported by the NWDA.

1.2.2 Cuts to the revenue funding of arts and heritage organisations and activities. These have been generated through in year cuts applied to the NDPBs and to regeneration funds via Area Based Grant which have been passed on to organisations, many of which are small independent charities. The in year cuts to date have been manageable, however predicted future reductions will be far more damaging.

1.3 Over the last ten years and alongside a previous period of capital investment enabled by the National Lottery, Manchester has seen a massive improvement in the quality, scale and diversity of its cultural offer. This was accelerated through successful delivery of the Commonwealth Games. The City can now confidently claim to have world class orchestral, theatre and museum provision and a rich ecology of practice across a wide range of artform areas.

1.4 We have been tracking development over this period and can demonstrate the visits to cultural and recreation facilities reached in excess of 42 million in 2008/9, a 400% increase since 2000/01, with 91% of residents report that they use cultural and recreational facilities. Over 18,000 educational visits and 25,000 employment opportunities are generated and tourisms contribution to the economy reached £1,165million in 2009/10 with over 6.5 million overnight visits to Manchester.

1.5 This development is under serious threat if the indicative cuts are implemented. We have calculated the annual investment in arts and heritage to be in the region of £38.5 million pounds via NDPB (£14 million), local authority (£10 million), central government (£6.5million), university (£4million), other regional and sub regional public bodies (£2.5million) and other sources (£1.5million). This demonstrates the majority of existing funding is from public bodies which will all be facing a 25 – 40% reduction over the next 4 years. This will inevitably result in a minimum reduction of investment in arts and heritage in the region of £10million. Given the relatively small scale of many arts and heritage organisations, there is limited capacity to absorb cuts without significant impacts for both artistic and education programmes. While there may be scope for some restructure, the savings would not be achievable soon enough to prevent long term damage to their delivery. It is expected that a disproportionate negative impact will be experienced in both the quality of artistic programming and ongoing work with communities.

1.6 Local Government’s own services and its ability to grant aid others will also be seriously affected.
2. **What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;**

2.1 Arts organisations are already working towards collaboration. Manchester can demonstrate best practice in relation to its Museums where Renaissance in the Regions has enabled joint working and mutual trust across the City’s main museums. This has resulted in joint marketing, particularly external promotion to visitors; capacity building including awareness of environmental impacts and shared working in the delivery of education programmes. There is potential to further develop this collaboration to achieve better value from investment and to generate some savings. This can only be achieved if the commitment to Renaissance or similar funding is sustained to enable this transition.

2.2 Manchester City Council and the Arts Council as joint funders are working at a strategic level on ways of enabling closer working between arts organisations and how to develop intelligence about the wider ecology and interdependence of activities. This could lead to a more robust approach to funding and deliver better value in the long term. However a period of transition is needed to safeguard the infrastructure and prevent the loss of valuable knowledge and skills.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable;**

3.1 There is ample evidence of the impacts of arts and heritage activities in a number of areas including educational attainment aspiration and skills, community pride, health and wellbeing as well as the obvious benefits to the economy. Manchester has demonstrated that the arts and heritage assets of a city are fundamental to economic growth. The city’s recent research into future talent attraction has indicated that the existence of a vibrant cultural offer is a significant factor in attracting and retaining talent. A sustainable arts and heritage sector is made up of a number of layers of activity attracting a mix of local, regional and national audiences and delivered through a spectrum of individual artists and organisations.

3.2 Public funding is an essential part of the mixed economy of many organisations if they are to continue to invest in innovative work and public education. Both of the activities are key to fuelling the tourism and the creative and digital economy.

4. **Whether the current system, and structure, of funding distribution is the right one;**

4.1 The current system, structure and funding distribution demonstrates a high level of accountability and transparency and has been reformed a number of times. Manchester would welcome a more strategic approach to investment, aligned with the city’s stated Cultural Ambition. The moves to rationalise the range of funders is a positive one, provided specialist expertise and important investment programmes and professional standards are maintained.

4.2 There is also a need to introduce greater flexibility so that new initiatives can establish while securing long term investment in the fundamental building blocks and core institutions.
5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;

5.1 The intention to increase the Lottery funds available to the arts and heritage is welcomed and will require a review of funding aims and objectives to ensure that grant regimes recognise the new economic environment and build on good practice to date.

6. Whether the policy guidelines for National Lottery funding need to be reviewed;

6.1 Lottery investment has transformed the cultural landscape since the mid 1990s, both in terms of capital and project investment. The quality and standards of the physical environment need to be sustained through the opportunity for early recipients to return for funds to refresh their buildings. Continued work on ensuring access to the arts and heritage is also essential, such as the exemplary work of the Young Roots programme.

7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;

7.1 While the government has announced the abolition of these organisations, it has not yet described how or if the functions of these organisations will be placed with other organisations.

7.2 The UK Film Council has supported the network of local film offices which have helped to build the film and television economy across the UK and have enabled areas of the country to promote themselves on screen. Manchester wishes to see this work continue, recognising the positive effect of location filming on the local economy. The Film Council also distributes lottery funds for film and supports independent film exhibition and festivals. Independent cinema and film is an important part of the arts and heritage offer and while it may not require a separate funding body, the support for film production and presentation should be sustained.

7.3 The MLA has performed an important role in transforming local authority cultural provision across museums, libraries and archives. It also sets and monitors professional standards for the care and stewardship of the nation’s heritage. Its support for the development of regional museums through Renaissance in the Regions has been hugely successful, and needs to be continued. The MLA has also provided valuable advice and support for the professionals working in the sector leading to improvements in the curation and public access to our heritage. Sector specific investment is essential to continue and sustain these improvements and the new arrangements will need to include this capacity.

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.1 The private sector both corporately and individually have been active supporters of the arts and heritage over a long time. This is evidenced in the role that they play in the governance of arts and heritage organisations, in sponsoring programmes and
participating in Friends and Patrons schemes. The extent to which this can be seen as a major plank of investment in future business models is however questionable. Outside London there are limited numbers of high networth individuals and few company head offices. While improvements could be made in relation to tax incentives, including in life gifts of works of art to public collections, these initiatives could only enhance and not replace significant public investment.

9. **Whether there need to be more Government incentives to encourage private donations.**

9.1 Tax incentives along with increased public recognition may improve the number and scale of private donations. However donors would not respond well if their generosity resulted in withdrawal of public subsidy.

*September 2010*
1. I am writing in response to the consultation into the proposed cuts to arts funding as an independent conservator who has worked for over 20 years in museums (national – British Museum and the then National Museum of Antiquities of Scotland, university - the Ashmolean Museum and local authority – Bristol’s Museums Gallery and Archives), eight years for the National Trust, mainly as an adviser with a national remit, a year providing advice to smaller museums through Renaissance SW and for the last two years independently. I am a member of the DCMS Emergency Planning Group and a member of the associated Emergency Planning sub-group, contributing as a trainer to training delivery. When employed by the National Trust I was the NT’s observer for the DCMS working group for carrying forward the findings of Understanding the Future. While I am an accredited conservator and work in a freelance capacity for the Institute of Conservation (Icon) as a regional coordinator, supporting largely HLF funded conservation internships in various heritage organisations and private studios I am writing in a private capacity.

2. Of the questions identified to be addressed through the consultation I will be addressing the following:

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;
What level of public subsidy for the arts and heritage is necessary and sustainable;
What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;
The impact of recent changes to DCMS arm’s-length bodies – in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;
Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;
Whether there need to be more Government incentives to encourage private donations.

3. It is to be greatly welcomed that David Cameron, Prime Minister, speaking earlier in August 2010 highlighted the importance of heritage to the UK and in particular to tourism. This link has been mentioned in a number of important studies over recent years including the DEMOS report commissioned by the internationally renowned Textile Conservation Centre, University of Southampton, when under threat of closure.

4. It is to be greatly welcomed that the present government’s intention is that a greater proportion of the National Lottery should be allocated to heritage. This will be vital particularly where cuts are made to services funded through national bodies and local authorities. The Heritage Lottery Fund has achieved a great deal that has enhanced access to collections and heritage and with the recent investment of £17m in Skills for the Future is helping to ensure that heritage skills are developed and acquired by a greater diversity of peoples. It is unlikely, however, that the increase in funding through the Heritage Lottery Fund will compensate adequately for cuts to other bodies.

5. What level of public subsidy for the arts and heritage is necessary and sustainable? I find this impossible to answer except that while the arts and heritage may be subsidised in so far as they

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www.demos.org.uk
receive public funding it is undoubtedly true that they bring in a great deal in terms of income to regions, cities and not simply for the organisations themselves. They are draws for the tourism industry. The Banksy v Bristol Museum exhibition, which ran for two and a half months in 2009 brought in £millions to the city during the course of the exhibition and was of massive benefit to the city and local businesses.

6. Significant cuts in spending from central and local Government will undoubtedly have a detrimental effect on the provision of services in the heritage sector; on the long term survival of collections and their availability for those who come after us; on the maintenance and up keep of buildings; on the availability of training opportunities for younger generations and as a draw for tourism. Cuts in the order of 25% would inevitably lead to cuts in staff. While a number of museums are thinking imaginatively about how they might use voluntary assistance there are many aspects of work within non-volunteer run museums which could not easily be passed to volunteers without employing an adequate number of staff to be responsible for the work carried out.

7. The impact of large cuts to central and local Government spending on heritage could be great in the areas of conservation. It is likely that if the cuts are large priorities will be to maintain buildings, security and keeping establishments open. Areas such as conservation and curatorship are likely to bear the brunt of large cuts. The report A Cultural Blueprint. A Workforce Development Plan stated that:

“There are certain skills and knowledge unique to this sector that could be classified as ‘fragile’ or ‘at risk’. This includes specialist knowledge of collections and buildings and the technical, conservation and traditional skills needed to maintain our heritage and bring it to life.”

“Employers do not always acknowledge their role and responsibility in ensuring the continuance of many specialist skills. Organisations increasingly outsource skills to freelancers and consultants so in-house knowledge and skills can dwindle.”

Belatedly the heritage sector itself is becoming aware that there is a very real risk of insufficient capacity within conservation and large cuts now could exacerbate this situation.

8. I do not know whether the cuts to DCMS will affect areas such as Emergency Planning and Business Continuity but the work which has been carried out in this area in the last few years has been very influential and the guidance provided has been invaluable. Cuts in this area may result in less collaboration and less partnership working in an area where effective response can be dependent on the level of collaboration.

9. In many regions Renaissance in the Regions has been very effective at providing training and raising standards of collections care in museums and heritage organisations, thereby helping to ensure the preservation of the collections and facilitating their use and re-interpretation by sections of the public not previously engaged. Reduction in Renaissance funding will have a large impact on those organisations which have to date benefited from the funding, either directly or indirectly. This may however be the time to review how these funds are allocated.

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3 As above
10. The Museums Libraries and Archives Council has gone through frequent re-inventions over many years and throughout all this time the staff have worked very effectively at providing leadership and raising standards across these three areas. For museums the Accreditation Standard has been particularly effective; the advice provided by the Security Adviser has been essential. While some of the functions previously carried out by former reincarnations of the MLA are now carried out by organisations such as Collections Trust and the Museums Association these bodies cannot effectively take the place of the MLA. It is understood that there is a possibility that the MLA may be taken under the wing of English Heritage. It is very unclear at this stage how this would operate.

11. There is undoubtedly a role for businesses and philanthropists in funding and supporting the arts, as many have done over the years and continue to do. It is unlikely, however, as the country faces an uncertain future financially that many businesses will be able to justify spending money on heritage. While major exhibitions bring in huge sums of money and large numbers of visitors to a region/city it is difficult to predict what will capture the public's imagination.

12. Government incentives to encourage private donations would be welcome, but not as a substitute for public funding.

*September 2010*
EXECUTIVE SUMMARY

This submission focuses on the small - midscale opera and music theatre sector.

The Impact of cuts
The spending cuts will not only affect publicly funded companies but will have a significant indirect effect on unfunded companies. In the small – mid-scale sector there is little waste in terms of management, creative and technical aspects, so there is little to cut to meet the income shortfall except productions and performances. This will affect sales and provide less choice to audiences.

Small and midscale companies are particularly vulnerable and cuts must not lead to the retention of the flagship companies at the expense of the rest of the sector.

The Level and Distribution of Public Funding
Whatever the level of funding it is vital that it supports a healthy ecology which contains flourishing flagship and grassroots companies. The small and midscale sector provides the highest overall proportion of available performances, yet receives a tiny proportion of the available funding. This needs to be addressed.

Partnerships
A wide variety already exists and partnerships have their limitations but increased sharing of resources in terms of supply networks, information, data, training and developing talent could help to strengthen the whole sector.

National Lottery
The increase in investment that redistribution will bring into the arts is welcomed although changes in the proportion of short to long-term funding could have drawbacks.

The Role of Business and Philanthropy
The government should increase incentives to tax payers whilst recognising that an increase in philanthropy cannot replace the loss of public funding, especially amongst the smaller, more experimental and regional companies.

Arms length bodies
Although there are no current plans regarding the Arts Council of England we would like to note that in general where there are funds to distribute OMTF believes in the principle of an arm’s length body which has an overview of the sector and is concerned with its growth and development.

1. INTRODUCTION

1.1. The Opera and Music Theatre Forum is the representative body for professional opera and music theatre companies in the UK. Established to promote and support the work of the small and mid-scale opera and music theatre companies, members include touring companies with small ensembles, building based festivals, educational establishments and individuals working together to develop an environment in which opera and music theatre can flourish.
1.2. The opera and music theatre sector (OMT) covers a very diverse range of activity including hip-hop theatre, early opera, film and music installations, devised opera/music theatre, themed concerts or shows, and ‘operatic musicals’ delivered by organizations from the smallest working with piano accompaniment to full-scale grand opera. Research for a recent survey\(^1\) indicated some 250 organisations producing or proposing to produce OMT including educational and training establishments, producing venues and festivals and vocal and orchestral groups.

1.3. There are six large, flagship companies and the remainder are middle and small scale. This latter element of the sector provides the highest overall proportion of opera and music theatre performances, accounting for some 54% of professional performances across the British Isles and 55% of those in England. These companies are crucial to the availability of the broad range of repertoire being created. They also make a significant contribution to the development of talent and to the development and availability of new material, being the major supplier of contemporary opera and commissioning new orchestrations and translations of existing work.

1.4. Although we do have members amongst the biggest companies the majority of our members are small – mid-scale so we are responding with that segment in mind.

2. **THE IMPACT OF RECENT AND FUTURE SPENDING CUTS**

It has been widely indicated that both proposed and potential cuts would have a devastating effect on arts provision generally, limiting the publics’ access to the arts. It has been argued that given the return upon investment the proposed cuts are shortsighted and unnecessarily draconian. It is worth adding the perspective from the small – mid-scale opera and music theatre sector where the level of public investment is currently extremely low (see 3.3).

2.1 Where the cuts will come from

Opera and music theatre organisations have a wide variety of financial profiles with mixed income streams from ticket sales, other earned income, arts councils, local authorities, other public sector sources (such as health initiatives) trusts and foundations, commercial sources and private individuals. At the extremes the country house/conventional repertoire model whose audiences mainly fall into the higher tax payer bracket is likely to show a very high percentage of individual donors, commercial sponsorship and no public funding and a small experimental company which has managed to make its mark and with more mixed audiences is likely to have a higher proportion of public funding and a smaller proportion of commercial and private funding. In between is just about every kind of mix imaginable.

Organisations that receive regular public funding (a very small percentage of this sector) will face the obvious challenges of losing part, or all, of their grants towards core costs and/or projects; they are also likely to lose some of their commercial and private funding since the granting of public funding indicates a certain level of confidence in the product and the organisation and attracts funding from other sources. They will also face increased competition when they try to make up this funding from other sources. In order to be effective, businesses need to plan ahead: Those companies who currently receive a high proportion of public funding face a particular challenge in that that they

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\(^1\) *The Small and Middle Scale Opera and Music Theatre Sector in England*, July 2010, Graham Devlin Associates commissioned by OMTF. Not yet published.
are unable to do this with any certainty until their allocation is decided or they have found a completely new business model – an exercise that will take considerable time.

Many organisations in the sector are specifically or broadly educational. Some provide training and experience for singers and musicians and others help to develop life skills and experience that bring social benefits to the participants. These kinds of organizations depend heavily on funding from public sources or trusts and foundations and do not always have a means of increasing their earned income.

Small and midscale organizations, typically face greater challenges in earning income and in obtaining funding of any kind than larger-scale well-established organizations and the removal of any element of regular funding may lead to their collapse.

It will not be business as usual for those companies who do not receive regular public funding because the whole infrastructure will be affected. Competition for funding of all kinds will be greater and possibly from better-known brands. A significant number of small companies are indirectly funded since they receiving fees for performances (rather than the more usual box office split of the theatre world) from theatres, concert halls and festivals. Many of these promoters are currently in receipt of public funding, so cuts to them will have an immediate effect on the non-funded companies. Local authorities are a significant funder of companies both directly and indirectly. This source of income has been diminishing and will drop further. Companies who depend largely on commercial sources and to a slightly lesser extent, private individuals, are already feeling the pinch.

Companies already face a drop in ticket and other sales as a result of the economic situation and those that tour or undertake private/corporate bookings or educational work in schools and colleges report a drop in bookings which will increase as venues, festivals and concert halls lose public funding.

Many companies fear that the cost of mounting and touring productions is likely to rise as suppliers of goods and services, often small businesses themselves, may be forced to increase costs or limit services.

Even companies who view themselves as completely commercial – i.e. they produce a relatively popular product and rely almost entirely on ticket sales or fees – will feel the effect of less cash in the infrastructure and less in the pockets of their buyers.

2.2 The effect of cuts

Small and midscale organizations are flexible, open to change and extremely cost effective. OMTF’s recent survey indicates that some 79% of expenditure goes into production and creative activity. Most have very few, if any, administrative staff to carry out the basic functions of drumming up business and paying the bills and function by bringing them in only during the parts of the year when there are performances and/or rely on a high degree of multidexterity among very small and dedicated teams. There are certainly very few salaried creative and technical staff; the vast majority are freelance. There is a high volume of volunteering in the sector: a recent survey indicates that 81% of respondents rely on them for some form of administration. Whilst volunteers may work with passion they cannot bring the degree of expertise that a good business requires in order to be successful. Where there are several administrative staff, jobs may go but on the whole there is little opportunity to cut staffing or administrative budgets to meet funding shortfalls and cuts could lead to companies being unable to manage themselves and their seasons/tours effectively.
The main costs within these companies is payments to artists frequently followed by design and make of costumes and sets. Payments to artists would be difficult to reduce since many small companies pay the minimum recommended rates. Reducing the amount of rehearsal and preparation time would lead to a reduction in the quality of the product. Reduction in design costs would make the product less attractive to audiences in an era when high production values are increasingly the norm.

Opera and music theatre are often viewed as expensive artforms but in the small and midscale sector it is unusual to find choruses or large orchestras – unless the organisations run community opera or undertake educational projects. Most companies commission special orchestrations for small musical forces or commission work that relies on small numbers on stage and in the pit. Apart from making the product more affordable this also makes the work more flexible in touring terms and more accessible to a wider range of audiences.

The effect of cuts overall is likely to be that both producing companies and their hosts will become more risk averse resulting in more predictable programmes and less tour bookings. There will be fewer productions and fewer performances. Audiences will have less choice and where organizations have a social or educational purpose members of the public will cease to benefit from the services provided. Organisations that become less visible are unlikely to be able to build useful relationships with their potential hosts, their potential funders or their potential audiences. The regions will be particularly affected.

The combination of the current economic situation and specific arts cuts could have a devastating effect on many organizations, particularly the smaller ones, not only reducing the volume of opportunities for the public to see the work but reducing the work experience available to those who will be its future.

3. THE LEVEL OF PUBLIC FUNDING

Whatever the level of public funding that is available in the short or long-term future, it must support a healthy sector from the flagship companies undertaking world-class projects that are admired and attract audiences from all over the world to the grass roots where experiments are undertaken, the diversity of society is reflected, boundaries broken, the artform is developed, audiences grown and practitioners learn their craft.

Like all arts sectors, the elements are interdependent. National companies represent the highest standards and production values and offer the highest financial rewards to successful practitioners but they draw creative resources from people who have learned their craft composing, directing, designing and performing in small companies at the minimum wage. The availability of a wide variety of ‘product’ delivered by a diversity of organizations and types of organisations not only provides a choice of services and activities to audiences of all kinds but stimulates healthy intellectual competition and new creative and entrepreneurial ideas across the sector.

Opera is one of the more expensive artforms, but the general perception of it as being costly and elitist is often based on a misinformed view of the work of companies with the highest profiles and the highest public subsidy rather than the sector as a whole. Most small - midscale companies commission, developing and adapting opera and music theatre works for small forces (both in the pit and on stage) in order to present it to diverse audiences and to perform it in smaller auditoria or in unconventional spaces.
These companies perform a significant function in developing and growing audiences, both existing and new, their repertoire is often tailored and relevant to specific communities at ticket prices that are no more costly than the local theatre or cinema.

Public funding should ensure that existing and potential audiences have the opportunity to experience artforms in all their variety both now and in the future; it should ensure that everyone has the opportunity to try different things and to engage in new experiences; and to benefit from participating in the life-changing experiences that much performing art, both on the main stage and in its outreach and educational projects, can provide.

4. THE DISTRIBUTION OF PUBLIC FUNDING

Unfortunately the policy behind the current distribution of funding within the opera and music theatre sector has not for some time reflected the needs.

As in any part of the arts world it is the small and mid-scale companies that have particular problems in generating income and need investment from the public purse. Companies in this sector are often undertaking radical, challenging and experimental work; are little-known; under-resourced; and/or based in areas where local public and private funding and philanthropy are rare.

In this sector the major proportion of regular public funding goes to five large-scale companies operating regularly in England together with one midscale company (98.9% of the Arts Council England’s grant-in-aid funding for opera and music theatre). The rest of the sector receives the remaining 1.1% as well as some Lottery project grants. Only five companies within the small – midscale sector (including two training organizations) have RFO status. None of them are small scale. By comparison there are 36 regularly funded producing and/or touring companies within the dance sector including four large scale companies.

The existing situation does little either to reflect the work being undertaken or nurture the creative resources of future. Moreover there is a huge danger in the coming cuts that the available funds will go to ensure that the flagship institutions survive at the expense of the small and mid-scale organizations.

5. WORKING WITH OTHER ORGANISATIONS TO REDUCE DUPLICATION OF EFFORT AND MAKE ECONOMIES OF SCALE

Small – midscale companies have few resources so it is difficult to imagine how reducing duplication of effort making economies of scale might work. Sharing of physical resources has been considered in the past and is rarely practical owing to working patterns and the geographical spread of companies. Some back office services are already provided by external specialist support services or umbrella bodies.

The OMT sector has already made significant steps in creating relationships between different kinds of organisations in which knowledge and intellectual resources are shared. Some large scale companies have begun to create strategic links with smaller ones in order to broaden repertoire and reach, undertake more new work and operate
at a different scale. When successful, such initiatives can offer benefits to both partners. The large companies add value to their brands through association with more ‘edgy’ partners and by presenting themselves in new environments; the smaller companies access greater resources and support.

From this wealth of experience, there is broad agreement that, however partnerships are structured, they are challenging and a good deal of additional effort has to be invested in planning and management to ensure equal benefits and the preservation of companies’ brands and individuality.

It may be that there is room for development in such arrangements, not only in the form of co-productions of varying kinds but in the larger companies nurturing smaller organizations, although this should not be so as to secure funding for the large organizations at the expense of directly funding the smaller ones.

The sector could be strengthened by improving and developing existing networks and connections between different elements such as supply networks; communication and the sharing of information and audience data; the development of products and audiences and the development and extension of talent and skills.

Unfortunately to achieve these things, organizations need time to look beyond their own organizations and the challenge of putting on the next show. Companies are under-resourced and overworked. At the present time the sector does not have the resources to do very much more than achieve the immediate rather than consider and collaborate on strategic objectives.

6. THE DISTRIBUTION OF NATIONAL LOTTERY FUNDS

The increase in the volume of investment in the Arts by this means is obviously extremely welcome.

Given that Lottery funds are currently channeled into Grants for the Arts the increase in the volume of money available in this stream combined with a reduction in the amount of money available via Grant in Aid for regular funding could mean a change in the proportion of short-term funding in relation to long term funding. This might open up the possibilities for a wider range of companies to be funded but if the project funds are only related to single projects could also have a destabilizing effect on the sector. Lottery funds related to longer-term developments would improve the situation.

7. THE ROLE OF BUSINESS AND PHILANTHROPY

Business and philanthropic giving are already part of the income streams of many small and mid-scale companies. For some companies it plays a significant role in the make up of their income but overall, but as has been fully described elsewhere, these sources of giving cannot make up for loss of public funding. Business giving has been falling recently and businesses cannot commit to a long-term role in charitable giving any more than they can reasonably commit to long-term dividend value policy. Moreover this sort of patronage frequently comes with a price tag which may affect the way a company operates or the kind of work it does. The UK does not have a culture of philanthropic giving such as exists in the USA and it would arguably take time to develop, even if the tax benefits were practical and available. Business and private giving is inherently
unstable and dependent upon strong economies and in the short term at least there will be greater competition for every sort of commercial and private giving.

As indicated above, the small and mid-scale organizations, especially those in the regions, new companies and those undertaking the more experimental work are most likely to have difficulty attracting these sorts of funds and any government incentives to encourage individual (and business) is to be welcomed.

8. THE IMPACT OF RECENT CHANGES TO DCMS ARM’S-LENGTH BODIES

The proposed changes announced do not currently affect the Arts Council, but it is worth saying that whilst there are sums of public money to be distributed there is a need for a body to undertake this informed by a strategic overview of the sector. The Arts Council has received a good deal of criticism in the last few years but it has undergone several major reorganizations and there is little chance of a consistent overview and the formulation and execution of effective long-term policies if there is the constant need to plan for the next restructuring and downsizing.

August 2010
Written evidence submitted by the Museums, Libraries and Archives Council (MLA) (arts 98)

Introduction

1. MLA welcomes the opportunity to feed into the Committee’s inquiry. Our submission highlights in main our concerns and aspirations for the future funding of museums, libraries and archives.

2. On the 26 July the Secretary of State for Culture Media and Sport the Rt Hon Jeremy Hunt announced as part of the Government’s Arms Length Review that the MLA would be abolished to focus efforts on front-line services, with selected functions transferred to other organisations. We are working with DCMS and other bodies on the details and timescales for these changes and look to the outcome of the Spending Review in October. In the meantime the MLA is committed to being a source of robust advocacy for museums, libraries and archives and for the people and places that depend upon them, and for assisting a smooth transition to the best new arrangements achievable.

3. It is the firm intention of the MLA Board to communicate the advantages of a coherent and integrated approach to the leadership of museums, libraries and archives, and their join-up with other cultural and learning services. We believe that these principles need to be well understood and reflected in the shape of new delivery arrangements post-MLA. We judge that it is important that expert advice, knowledge and research designed to support the development of high quality services for local people are not lost. We urge that the new arrangements must preserve the advantages of a coherent and integrated approach to the development and improvement of the sector within a wider cultural framework, and in the task of safeguarding and making accessible the nation’s most important collections nationwide.

About the MLA

4. The MLA is the government’s agency for museums, libraries and archives. Leading strategically, MLA promotes best practice in museums, libraries and archives to inspire innovative, integrated and sustainable services for all. In the period 2007-10 the MLA transformed itself from an agency with ten separate charities and ninety trustees, to a single entity with a governance board of just ten. In the process, MLA increased its operational efficiency and realised substantial revenue savings.

5. We now work as an agency which targets its resources to where they will be most effective in order to support transformation in the sector. Working across government, and with 150 local authorities, 3000 public libraries, 300 archives and 1200 museums, we support targeted services for communities and the people that live in them and work on national initiatives that can’t be delivered by local councils working on their own. We have funding relationships with more than 80 bodies of varying sizes, and collaborate with other Non Departmental Public Bodies (NDPBs), and various sector and public bodies nationally and regionally.

6. MLA, through its engagement with local councils, has special knowledge of each of their circumstances in relation to libraries and cultural services. Our small but agile field team (26 home workers across the country), has enabled us to deliver some notable initiatives in support of sector transformation. Our work is underpinned by four strategic priorities: continuous improvement; learning and skills; sustainable communities and effective leadership and strong advocacy.

Future funding of museums, libraries and archives

7. **Local government funding** - Our main concern in relation to future funding is the position of local government. The majority of spend on museums, libraries and archives is directly in the control of councils. We believe there is a need for a place-based spending philosophy – a locally
determined and joined up approach to investment which gives local partners the flexibility to move money to where it can be effectively spent locally. We have worked closely with Arts Council England and other NDPBs to encourage a joined-up approach among government agencies in the English regions.

8. However, while MLA strongly supports the principle of localism, that decisions should be made as closely as possible to the users, we do not believe that local government should be left unsupported with sole responsibility for museums, libraries and archives. Outside of the un-defined duty to provide a “comprehensive and efficient” library service, their spend is largely discretionary and therefore especially vulnerable given all councils are making cuts, and are also concerned about the outcome of the Spending Review and subsequent local government funding settlement. A key challenge is to manage the relationship and respective responsibilities between central and local government. It is vital that local government is supported; with expert advice and guidance, and to form partnerships beyond their boundaries. There must be a mechanism, incentive and duty on councils to consider the wider geographical and national interest in safeguarding collections.

9. **Sharper investment** - MLA believes that the size of the funding pot is only part of the issue – we need mechanisms and the leadership to ensure that money is well spent, duplication is avoided, best practice spread, opportunities for leveraging in funding and promoting philanthropy maximised, and the national interest protected. We believe it vital that overheads within local councils are brought down to the lowest possible level, over and above savings that can be achieved by cross-boundary collaboration and sharing of services. Investment must be focused on the front line, and services modelled around the needs of the consumers.

10. Many initiatives can only be conceived of, led and cost-effectively delivered nationally, whether that is through an MLA or alternative arrangement. MLA has delivered a number of such initiatives, such as the People’s Network, Reference Online and faster broadband for libraries. A list of key current national functions that will need maintenance is in Paragraph 17 below.

11. **Future of Renaissance** - The MLA currently administers Renaissance - the £50m per annum programme which delivers funding to regional museums ensuring government can effectively influence the direction and delivery of non-national museum services across the country. Our concern is to advocate that the benefits of the Renaissance programme - substantial increase in visitor numbers, educational attainment, community involvement, safeguarding and making collections accessible – must not be lost, either in the Spending Review outcome or in new arrangements put in place to deliver it post-MLA.

12. With an ambition to create “national-quality museums” across England, and in recognition of the need to deliver more for less, MLA has proposed to the Culture Minister, revisions to the Renaissance programme. We want to see a Future Renaissance programme that moves away from a model based on the granting of cash sums to the nine regional Hubs, and more based on a model that better targets the available funding to achieve world class museums nationwide in a way that achieves sustainable improvement. We have also suggested ways to improve the coordination of grant funding (including HLF and ACE) and to extend the reach of the programme to include public record offices where appropriate.

13. We believe it is also important that the partnerships and functions Renaissance supports across the country – such as the Museum Development network, are maintained in an integrated model. We also believe that the work of the Leading Museums initiative (launched by MLA in light of the Renaissance Review in 2009 and chaired by Professor Tom Schuller) needs to be taken into account.
14. Spend on museums also needs to take specific account of funding for university museums. While most Renaissance funded museums are part of our local government partnership, there is currently a direct funding relationship with the government and key university museums.

15. Libraries - with funding cuts compounded by pressure for council tax freezes, local authorities will have to take increasingly hard spending choices. There is an underlying danger, particularly in the absence of MLA or any equivalent national voice, that libraries (and museums and archives for that matter) will get squeezed into a no-mans land between funding for, say theatres, concerts, artists on the one hand, and local government core services on the other. Services should be designed around the demand evidenced by research and aimed to meet the needs of the public, rather than based on organisational boundaries if mass library closures are to be avoided.

16. As an answer to the financial challenge faced by libraries, and with the ambition to aim for modernisation and resist short-term closures and cuts, MLA, in partnership with the LGA Group, is leading the delivery of the Future Libraries Programme which will test drive new partnerships and governance models. The Minister for Culture Ed Vaizey announced on 16 August ten projects, representing 36 authorities that will deliver this ambitious change programme in the first instance with the aim of spreading best practice more widely. The programme is currently at an early stage of its work.

17. Archives - with the archive sector being smaller and having to compete for reduced funding with higher profile sectors within arts and heritage, it will be important that the voice of the archive sector, which has benefitted from cross sector advocacy embodied in the MLA, is not drowned out in a new framework of integration with the wider arts and heritage sectors. MLA and TNA jointly developed the government’s strategy and Action Plan for Archives, which advocates better more joined-up and accessible archive services, a concept which should be taken forward in the new arrangements. (See also Renaissance, above)

Lines of inquiry

Role of MLA

• The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the MLA

18. This is a time for significant challenge for our sector. An economy only slowly emerging from recession and pressures on public spending provide the spur to make even greater efforts to deliver social, economic and environmental benefits for people and communities. Reflecting the times the team at the MLA have worked tirelessly and with commendable commitment to use newly focussed resources and expertise to support every locality throughout England, whilst continuing to reduce operating costs. We are proud of the range and quality of services we have overseen and are committed to these being reflected in the new arrangements.

19. The MLA administers key national functions (and services a number of arms-length expert technical panels which are vital to the task) including:

• Managing Renaissance - the £50m a year programme which delivers funding to regional museums ensuring government can effectively influence the direction and delivery of non-national museum services across the country.
• Accrediting and developing museums to national standards
• Designating vital collections in non-national institutions
• export licensing and providing an expert service to the arms-length Reviewing Committee (which recommends export bars on objects of national significance)
• ALL (Acceptance of iconic objects in lieu of inheritance tax) and its arm-length panel
• Government Indemnity and national security – essential in enabling touring exhibitions
• funding the Portable Antiquities Scheme and many smaller, but far reaching and highly valued products such as Culture 24 and Collections Trust.
• the Strategic Commissioning Programme - helping to build the important relationship between museums and schools (funded through DCMS and DfE).
• National initiatives such as Reference Online, People’s Network.
• The Future Libraries Programme
• Working in close partnership with The National Archives to ensure that archive services are integrated into wider public service agendas with the ambition of making them more accessible to the public.

**Arts and heritage funding**

- What impact recent, and future, spending cuts from central and local government will have on the arts and heritage at a national and local level?
- Whether the current system, and structure, of funding distribution is the right one?
- What level of public subsidy for the arts and heritage is necessary and sustainable?

20. With tourism being the UK’s fifth largest industry and heritage and culture being the overwhelmingly most popular reasons for visitors to come here (the UK has five of the twenty most visited art museums in the world) it makes good business sense to ensure adequate resources are invested in our arts and cultural institutions. The economic benefits of the UK’s major museums and galleries alone are estimated to be 1.5 billion per annum.\(^1\)

21. The total national cultural spend amounts to only 1% of the NHS budget, in terms of the ‘quality of life’ return, we feel this represents good value for money on the public purse. Cuts to spending in an area which already only represents a small slice of public expenditure, we fear will have a disproportionate affect on social outcomes. The obvious impact of cuts would include increased closures, reduced services and less accessible collections.

22. Together with other NDPBs, MLA has supported the DCMS research programme known as CASE. The data from this investment has recently begun to show real benefit in relation to a better understanding of the impact of culture and cultural engagement on – for example – public well-being, confidence and aspiration. We believe that more can be made of this evidence in planning future provision for culture and the arts. In particular, we urge the spreading of better cross-Whitehall understanding of the benefits and positive social outcomes of culture and the arts, for instance in relation to health, the ageing demographic, need for more rounded education, skills development and the development of a stronger digital strategy for all ages and socio-economic groups.

23. We hope for cleverer investment in museums, libraries and archives which is not based on short term budget cuts but will allow greater freedom, flexibilities and stability to respond to changing public need and deliver long term benefits for all.

**Joint working**

- What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale?

24. The MLA works closely with relevant NDPBs and other key bodies to a philosophy that says the user must be put first and that local government shouldn’t be expected to have separate conversations with government agencies when one will do. Time and money has been saved by closer collaboration at regional and national level, particularly between MLA, Arts Council, English

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\(^1\) Cultural Capital: A Manifesto for the Future, April 2010, pg 5
\(^2\) Cultural Capital: A Manifesto for the Future, April 2010, pg 11
Heritage and Sport England. The Living Places Programme is a good example of how sharing of a Programme can make the Programme both cheaper, and more effective.

25. The principles of Total Place also need to be understood and applied. Essentially, this is a call for ‘systems thinking’, in which assessments of demand, benefit and consumer value take priority over more traditional supply-side economics. There is evidence that ‘systems thinking’ can bring about more efficient delivery and greater user satisfaction. Simply sharing services is not enough: Pilots have shown that the savings and benefits depend on re-shaping services.

26. For greater efficiency and user led outcomes, we have published on our website the results of work that promotes amongst museum, libraries and archives the use of new governance and delivery models which requires:
- the support and involvement of stakeholders in the public, third and private sectors;
- looking at ways of co-locating and integrating services;
- working more effectively across local government boundaries, and;
- exploring public/private partnerships, trust status and community ownership

27. For Renaissance we propose a new model of central/local funding embedded within a place-based philosophy, which should include wider organisations such as HLF, ACE and potentially others. We also need local authorities, universities and independent museums to create dynamic local partnerships across the cultural sector and beyond.

Private giving
- Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level?
- Whether there need to be more Government incentives to encourage private donations?

28. It is clear from international models that businesses and philanthropists could play a greater role in arts funding. Present governance models for much of the sector mitigate income generation and enterprise resulting in over reliance on public subsidy and an inability to lever in additional investment. Many trusts and philanthropists currently exclude local authority funded services because they consider them to be ‘primarily the responsibility of central or local government’. However, the funding disparity between successfully self-funding London-based arts organisations and those least successfully developing funds is worth £206.7m

29. There are also ways in which government could change the current taxation system:
- Gift Aid could be greatly simplified and benefit from a composite rate and an automatic opt-out system for tax households
- The Treasury could agree to offset the value of cultural/historic objects given to museums, against Income Tax
- the current Acceptance in Lieu scheme could be extended to allow offers to be offset against Capital Gains Tax and Corporation Tax, and
- the Schedule 3 list (which allows national, local authority and university museums to buy pre-eminent cultural objects at a tax-remitted price) should be modernised to include trust and charitable bodies. This could be achieved by extending Schedule 3 status to all MLA Accredited institutions.

Appendix
- In 2008/09 national government through DCMS and its agencies spent £553m on museums, galleries and libraries, compared to council spend of £1.8bn on libraries, museums, galleries and archives.

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3 A&B PIC Report 2009
• Over three funding rounds £291 million has been invested in regional museums through the Renaissance programme. This year, £51m is budgeted for, £43m of which goes directly to the Hubs of regional museums. These museums in turn heavily rely on local government for most of their operating costs, though in some cases museums are over-reliant on the Renaissance programme for their day to day costs. This is a challenge that MLA has been confronting through its field team engagement.

• The ten phase one areas who are taking part in the MLA/LGA/DCMS Future Libraries Programme are:
  1. Northumberland with Durham
  2. Bolton, with Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan
  3. Bradford
  4. Lincolnshire, with Rutland, Cambridgeshire, North East Lincs, Peterborough
  5. Suffolk
  6. Oxfordshire with Kent
  7. Herefordshire with Shropshire
  8. Cornwall with Devon, Plymouth, Torbay
  9. Lewisham with Bexley, Bromley, Croydon, Greenwich, Lambeth and Southwark
  10. Kensington & Chelsea with Hammersmith & Fulham

• MLA published Sharper Investment for Changing Times, which sets out how we believe museum, library and archives services can and should change for the public benefit in the current economic climate.

• More www.mla.gov.uk

September 2010
Written evidence submitted by East Midlands Museum Service (arts 99)

Funding of Arts and Heritage

- What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

1.0 Concern about the winding up of MLA, with implications for:
- Future of core programmes i.e. Accreditation; Designation; security; Government Indemnity Scheme; Portable Antiquities Scheme; V&A Purchase Fund – and, of course, Renaissance and Museum Development.
- Maintaining direct dialogue with national government via a specific body that leads on sectoral work and issues;
- Potential loss of advocacy, influencing and networking at national and local levels, which may lead to decrease in the profile/perception about the value and relevance of museums – perverse, given the work museums do that are in line with Big Society themes and objectives.

1.1 All of this untimely, when cuts are already impinging at local level, and we are noting:
- Redundancies and frozen posts – with implications for decline in standards through the loss of curatorial and collections knowledge and expertise. This will ultimately impact on the long-term care of the collections our museums hold in trust for the present and future generations, as well as services for users;
- Closures and restricted opening hours – limiting access to collections and, again, services for users.

- What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale;

2.0 The Renaissance programme has amply demonstrated the benefits of collaborative working in the museum sector: between regional partner services, and with the wider regional museum community, as well as collaborations with national museums. This has been achieved through programmes, projects, workforce development, grants, advice, support and an enhanced county museum fora provision, developed by the museum development officer network. The system of Museum Development Officers and Collections Access Assistants has been a great success in the East Midlands allowing small and independent museums to access expert opinion, help and training. This framework and collaboration has raised standards and encouraged museums to work in partnership, making best use of limited resources and best serving their users and communities.

2.1 Here in the East Midlands, EMMS provides a low-cost, effective network for museums of all types and sizes (and their practitioners, trustees and elected members). It has worked effectively in partnership with both MLA and REM as the East Midlands Museums Partnership to ensure that museums, and those who use them, are being best served. We suggest this is a workable and successful model that should be supported to take the work forward strategically. EMMS is an organisation with a track record; it has earned the trust of the regional museum
community, has been able to work efficiently and flexibly in partnership with others. It could be replicated in other areas.

- **What level of public subsidy for the arts and heritage is necessary and sustainable?**

3.0 Perhaps we might ask what level of public subsidy would be necessary to pick up the shortfall in the services and benefits that arts and museums bring to a range of people at a very cost effective rate! There is strong evidence to demonstrate the impact and cost effectiveness of the work that museums and arts organisations contribute to:

- Safe communities
- Health and well being
- Citizenship and democracy
- Sense of place and cultural identity
- Inward investment and spending through tourism etc

Many arts and heritage organisations already have in place collaborative work with a wide range of partners e.g. police, Primary Care Trusts, schools

- **Whether the current system, and structure, of funding distribution is the right one?**

4.0 Arts and heritage organisations do great work on relatively little – they could do so much more developmental and sustainable work if funding programmes could be on a three-year rolling cycle. The arms length principle has been around since the 1940s – and provides a valuable interface between the funders and funded. However, at its worst, it has been perceived as too bureaucratic and constant restructuring and changes in policy over the past 10 years have wasted large amounts of money, which could be better spent. Direct funding from DCMS, supported by advisory and representative committees – including practitioners – and key sectoral/representative bodies e.g. Museums Association might be a way forward. However, it would be important to ensure such bodies themselves were fit for purpose.

- **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations?**

5.0 We welcome any increase in the funding available to museums and the arts – especially where existing good work can be developed in a sustainable way.

- **Whether the policy guidelines for National Lottery funding need to be reviewed?**

6.0 We feel strongly that revenue funding should be included as many projects have fallen by the wayside due to lack of funding to ensure their continuation.

- **The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;**
7.0 See above. With recent restructures at MLA and a loss of staff, there is concern that future plans for the next 18 months, and the work that MLA has been managing – particularly with regard to Renaissance, Accreditation and museum development, will lose impetus. Many initiatives, such as those being pursued by the Renaissance Collections Specialist Panel to produce a regional collecting strategy, have not yet reached fruition.

7.1 These programmes have been extremely successful in raising standards and access to collections, in both public and independent organisations. We need to be able to plan strategically as a matter of some urgency, so this excellent work is not lost – there needs to be continuity throughout the transition period, with decisions being made and announced well in advance of implementation, for the benefit of the sector and for people who will be affected.

- Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;

8.0 Yes – but as part of a tapestry of support. Two major concerns about this being the principal source of future funding:

- That private and commercial funding can, and often does, impact on what is funded and how – can skew provision for the wrong reasons;
- Most funding of this type goes to the larger national organisations in the major cities; smaller organisations, and those outside of London, will be left competing for limited funding for work that is important and/or innovative, but does not have the appeal or profile an individual or business might seek.

- Whether there needs to be more Government incentives to encourage private donations.

9.0 The 2008 manifesto, Private Giving for the Public Good, makes the case for providing greater incentives for living donors to make gifts of objects to the cultural sector, and to give greater recognition to people who give to the cultural sector. Have the recommendations been considered? Suggest organisations such as Arts & Business be consulted.

September 2010
1. This submission relates to the following issue mentioned in the Committee’s Terms of Reference:
   ‘Whether there need to be more Government incentives to encourage private donations.’

2. My comments are based on my experience as Director of the National Maritime Museum, Greenwich, for the past three years. Before coming to Britain I was the Director of several major museums in Australia over a 20 year period.

3. Britain is one of the only, if not the only, major western democracies which does not offer a scheme of tax deductions for donations during lifetime of cultural objects to approved museums, galleries and the like. In Britain, tax breaks to encourage cultural gifts flow only after death; hardly an incentive to encourage people to engage with and support their preferred cultural institutions during their life.

4. With museum budgets under severe pressure, there is scant funding available to buy objects, thus we are relying ever increasingly on the generosity of people to donate objects to us. Unlike other countries, however, we have no tax incentive scheme which can give the donor a degree of tax relief in return for their generosity of spirit. In my experience, many people are not necessarily expecting to receive the full value of their donation when they offer a donation to their favourite museum or gallery. They recognise the broader cultural value of what they are doing for their community and the wider society, now and for generations ahead. But they also would like some tangible recognition of their decision to gift the object to a public collection, something more than just seeing their name on an object label or listed in an annual report.

5. There have been many occasions during my time at the National Maritime Museum when possible acquisitions, often items which have already been loaned to the Museum, have floundered simply because we have neither the acquisition funds nor other appropriate incentives to offer the object’s owner. I am sure that, in many of these cases, the owner would have happily donated the object(s) if we had been able to offer some form of tangible recognition.

6. The gifting scheme with which I am most familiar is that run successfully by the Australian Government: the Cultural Gifts Program. This programme was established in 1978 and has led to the donation to museums, art galleries, libraries and archives of over AU$589 million of objects, ranging from visual and decorative arts, to cultural artefacts, social history, indigenous arts, scientific collections and archive materials. Under the program donors can claim a full tax deduction for the market value of the object. Donors can spread the deduction over a maximum of five income years. Such gifts are exempt from capital gains tax. Each proposed object must be valued by two approved valuers, with the mean valuation being the accepted figure. A museum or gallery is under no obligation to accept any item that may be offered under the program.

7. The Australian scheme is open to donations of any form of cultural collection, whether it be a painting, a ship, historic costume, a run of historic scientific journals or a collection of beetles. As such, items donated come from a very
broad cross section of the community, not just the great and the good. Many donors feel honoured that their ‘treasures’ are accepted under the scheme to be added to a significant public collection and that the government recognises their generosity.

8. This very broad donor base and the wide diversity of objects donated – wide both in terms of subject matter and monetary worth – essentially amount to a democratisation of philanthropy. I believe that this democratisation of philanthropy aligns perfectly with the Secretary of State’s pronouncements of wanting to see a broadening and deepening of philanthropy in Britain.

9. Donations of objects are as valuable to museums as cash donations. Under the current regulations, we are often driven to fund raise cash specifically to buy objects from third parties. If a cultural gifts programme were in place, cash donations could generally be used for direct development purposes, unlike now where the museum is often simply the ‘middle man’ raising money from person A to pay person B for the object we’d like to acquire.

10. Thank you for the opportunity to submit these comments for your consideration.

September 2010
Written evidence submitted by The Royal Institution of Cornwall (arts 101)

The RIC is writing as a) an independent museum and charitable organisation and b) the recipient of Renaissance in the Regions funding from DCMS via MLA. This submission is from Hilary Bracegirdle, Director, and Georgia Butters, Head of Development, and has been approved by Peter Stethridge, Chairman Elect, in the absence of the current Chairman on business.

1. Summary

Impact of cuts:

- Renaissance has been transformational and investment should continue so that front line services are maintained.
- Local authorities are unlikely to prioritise museums and may try to sell collections to cover running costs.
- Museums risk being unable to respond to Renaissance and other funding opportunities. We need base-line funding and capital resources to match fund HLF, Knowledge Transfer and other grants.
- Cornwall is heavily dependent on the public sector and already has significant areas of deprivation. The recession will cut deeply and quickly, sponsorship will be harder to secure and all the work we have done to attract hard to reach communities will be at risk.

Partnership working:

- Renaissance has emphasised partnership and given us the profile, confidence and language to enter into partnerships inside and outside our sector.
- Similar, high-level interventions should encourage cost-effective partnerships between libraries, galleries, archives and museums, and with organisations such as English Heritage and the National Trust. But establishing partnerships and changes to the way we work require time and investment.

Level of public subsidy:

- The heritage tourism industry contributes £20.6 billion GDP to the UK economy (HLF). Independent museums contribute £30,000 p.a. to their local economy for every 1,000 visitors (AIM).
- Continued investment from leisure, culture and heritage budgets will support tourism and its ability to help with post-recession recovery.
- Museums need a base core funding of at least 1/3 of turnover to function at a professional level; act strategically; react to funding opportunities and be entrepreneurial. Museums can generate additional income, but not to the level that will replace public subsidy.

Funding distribution:

- The sector would benefit from aligning priorities and funding methods (we have Regularly Funded Organisations (RFOs), project based funding, outcome based funding, arms-length funding proposed for Nationals, strategic commissioning etc). We suggest replacing Renaissance by RFOs and Service Level Agreements, which could be with groups or individual museums.
- We would welcome longer funding cycles and agreements; an emphasis on creating sustainability and on revenue funding; a more appropriate level of monitoring (which balances accountability against freedom for the organisation to decide how it delivers agreed outcomes).
• The Government should recognise the contribution of heritage and the arts to the economy and channel funding accordingly, for example through strategic investment in tourism/heritage projects, education/heritage projects and health/heritage projects, with some investment coming from other Departments.

The impact of the abolition of MLA:

• We welcome the abolition of the MLA but not all its functions.
• We suggest Portable Antiquities scheme BM, Purchase Grant Fund V&A, Accreditation to Museums Association, Export Bar to DCMS. Replace Renaissance by RFOs and Service Level Agreements.
• The immediate move to core museums should be abandoned. Existing hub museums should become RFOs (at existing or reduced levels as necessary) while programmes are completed and the details of future Renaissance priorities and funding are worked out.

Whether businesses and philanthropists can play a long-term role in funding:

• Businesses and philanthropists should play a part. However they and grant-givers will only invest in sustainable organisations. They will look for long-term commitments from public sector funders and/or adequate endowment funds.
• Private investment in the arts is predominantly focussed on London and the major cities.
• Business sponsorship, legacies and private giving all take a long time to mature and can require significant investment up front. Corporate Sponsorship needs servicing; a £100k sponsorship might require £50k to service it.
• Businesses and philanthropists are usually unwilling to support essential back-room activities or core activities.

Government incentives to encourage private donations:

• The Government should implement US-style tax incentives and encourage rural and regional giving.
• Continued public sector investment in heritage and museums is the key incentive for philanthropists to invest in success.
• Independent Museums need to be allowed to recover VAT income. At present admissions are exempt from VAT which results in museums paying VAT across the rest of their functions.
• Government should also ensure that local authorities continue to waive business rates where applicable.
• We welcome proposals to simplify gift aid.

2. Submission

The RIC is writing as a) an independent museum and charitable organisation and b) the recipient of Renaissance in the Regions funding from MLA.

2.1 What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level
2.1.1 Renaissance has been transformational\(^1\) and investment should continue in some form, although we understand the reason for recent and future funding cuts.

2.1.2 We have already had cuts of 30% which were achieved through making one third of our staff redundant, as well as other measures. We need to ensure that the next round of cuts does not undermine the significant achievements that the programme has brought, and does not affect front line services. We must have sufficient funding to be able to respond to Renaissance and other funding opportunities. We must have sufficient capital resources for match funding for HLF, Knowledge Transfer and other grants.

2.1.3 At a local level, Cornwall is an area with significant pockets of deprivation and great pressures on local government spending. Local authorities cannot invest in their heritage and museums at the same level as central government – and as museums are not mandatory, will not do so. There will be increased pressure on local authorities to sell items to pay for services. Indeed, Renaissance has already enabled greater security about our Council grant, because it is predicated on an agreement by the local authority not to cut our grant below its year 1 level.

2.1.4 The whole of Cornwall, and Truro in particular, is heavily dependent on the public sector. We know that already many people within Cornwall cannot afford to travel, afford to pay to participate in culture, or feel excluded. If we have to reintroduce entrance charges, charge more for schools activities, cut our marketing budgets and our exhibitions programmes, and stop our community projects, we will be excluding local people from what is in effect their ‘National’ museum.

2.2 What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

2.2.1 Much can be achieved through partnership and the creation of CIOs. Renaissance has transformed the attitude of museums towards partnership working both within and outside the sector. The RIC now has formal and informal partnerships with hub museums; about 40 non-hub museums; national museums and the Royal Collections; national and local charities; Cornwall Council Departments including Libraries, the Record Office, Historic Environment, Adult Social Care, Children and Young People, Cultural Skills; Arts & Business; Schools and universities; and other attractions such as The Eden Project. Further, Renaissance has given us the profile, confidence and language to enter into these partnerships.

2.2.2 However, much could be done at a similarly high level to encourage cost-effective partnerships between libraries, archives and museums, and with organisations such as English Heritage and the

\(^1\) It is hard to overemphasise the transformation that has resulted from Renaissance’s investment into the RIC. 30% more people use the museum. Visits by children have increased by nearly 50%. The number of family events has tripled. Thousands of objects have been researched, documented and repackaged. Galleries have been redisplayed and environmental improvements mean that we can now borrow from other major museums, nationals and the Royal Collections.

Above all, there has been a fundamental change in ethos. Users are truly at the heart of everything we do and we embrace methodologies such as Inspiring Learning For all and Revisiting Collections. Furthermore, our many partners and the local authority now understand the role that museums can play in contributing to their priorities, from health and social care, learning, culture, tourism and the local economy, to valuing volunteering and boosting a sense of place.

Renaissance was set up to help museums just such as ours, that had become inward-looking firefighters due to years of underfunding. We are heavily dependent on Renaissance Funding (currently 60% of our income) which allows us to do everything that a well-funded county museums service should be doing, wasn’t doing prior to Renaissance and won’t do again post-Renaissance. Arguably, because we were probably the furthest behind at the start, we have travelled the furthest.
National Trust. But establishing partnerships and changes to the way we work requires time and investment.

2.3. What level of public subsidy for the arts and heritage is necessary and sustainable

2.3.1 David Cameron has said Britain should focus on its heritage and move away from a ‘Cool Britannia’ image in order to become one of the world’s top five tourism destinations. We have evidence of the great contribution of the heritage sector to the UK economy via tourism but it requires public investment to enable this to happen.

2.3.2 The Heritage Lottery Fund’s recent report (Investing in success: Heritage and the UK tourism economy) shows that the heritage tourism industry contributes £20.6 billion GDP to the UK economy. The Association of Independent Museums (Babbidge) has shown that independent museums contribute £30,000 p.a. to their local economy for every 1,000 visitors. These findings highlight the importance of continued investment from leisure, culture and heritage budgets in supporting tourism and its ability to help with post-recession recovery.

2.3.3 There is a base level of funding which museums need to function at a professional level; act strategically; react to funding opportunities and service the reporting requirements of its funders; and be entrepreneurial.

2.3.4 Museums can generate additional income, but not to the level that will replace public subsidy. For example, although many museums charge for schools workshops the costs of coach hire and limited parental income means that there is a ceiling on how much a museum can charge a school for a facilitated visit. This does not cover the full cost of delivering that session or developing that service. Museum shops, e-commerce and other commercial activities will only ever contribute a relatively small amount towards costs.

2.3.5 We therefore suggest that the minimum required for a well-established, entrepreneurial museum to be of high quality and offer a reasonable range of services, is around 1/3rd of turnover with at least a 3 year commitment. Funding programmes for provision of key services under SLAs with KPIs need to be on top of this.

2.3.6 The transfer of cultural/museum services from LAs to independent trusts is a widespread approach. They can be disastrous or relatively successful. The aims of improving entrepreneurialism and reducing costs are worthy ones and certainly can be achieved but the assumed ‘model’ of a year-on-year decrease in the level of LA investment is flawed. Surely as a museum’s performance and economic/social contribution increases, the LA should ‘invest’ more in it to get maximum value.

2.4. Whether the current system, and structure, of funding distribution is the right one

2.4.1 The sector would benefit from aligning priorities and funding methods. The Arts Council has RFOs. Nationals are promised more arms-length funding. HLF and other funds such as Wolfson/DCMS are project-based. Renaissance has moved from management by expenditure to management by outcomes, but also from a partnership of equals to micromanagement and mistrust. Strategic commissioning is being promoted as the way forward.

2.4.2 We suggest replacing Renaissance with RFOs and Service Level Agreements, which could be with groups or individual museums. Plymouth, Exeter and Cornwall have made a joint approach to MLA on this basis.

2.4.2 We would welcome longer funding cycles and agreements and a move towards an emphasis on creating sustainability and on revenue funding. We would welcome a more appropriate level of monitoring, which balances the need to be accountable against trust and freedom for the organisation to decide how it delivers against agreed outcomes. We do not find quarterly control of
budgets, frequent changes of priorities and obsession with detail at all easy to manage and for many projects more time is taken up in reporting than in delivering.

2.4.3 The Government should recognise the contribution of heritage and the arts to the economy and channel funding accordingly, for example through strategic investment in tourism/heritage projects and health/heritage projects, with some investment coming from other Departments. It is a nonsense that in some regions Renaissance was matched £ for £ by the RDA whereas in the South West it was dismissed as part of tourism – not an RDA priority despite being a key economic activity in the region.

2.5 What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations

Whether the policy guidelines for National Lottery funding need to be reviewed

No comments

2.6 The impact of recent changes to DCMS arms-length bodies - in particular the abolition of the UK Film Council and Museums, Libraries and Archives Council (MLA)

2.6.1 We welcome the abolition of MLA but not all its functions.

2.6.2 We suggest Portable Antiquities BM, Purchase Grant Fund V&A, Accreditation Museums Association, Export Bar DCMS. Replace Renaissance by RFOs and Service Level Agreements.

2.6.3 We need to stop any immediate changes to Renaissance so that we are given time to finish current projects and to prepare for strategic commissioning (or whatever new form Renaissance takes). The recent underspend on Renaissance resulted from a lack of time for Phase II hubs to gear up, and was shocking, particularly as we had made one third of our staff redundant due to a cut in our Phase I Renaissance budget and had no underspend.

2.6.4 We suggest that the immediate move to core museums be abandoned and that existing hub museums become Regularly Funded Organisations (at existing or reduced levels as necessary) while the details of future Renaissance priorities and funding are worked out.

2.7 Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

2.7.1 Business and Philanthropy should play a part in funding the arts. However grant-giving bodies (including HLF), businesses and individuals, will only invest in organisations which are sustainable. They want to see long-term commitments from public sector funders and/or adequate endowment funds.

2.7.2 Furthermore, Arts and Business has shown that private investment in the arts is predominantly focussed on London and the major cities. This matches our experience: in Cornwall we were feted by Arts and Business as a huge commercial success for achieving one Corporate sponsor of £10,000 – very minor when compared to the £600,000 we receive in Renaissance funding.

2.7.3 Equally, we have invested in developing philanthropy for the last two years with limited success as it requires contacts with the wealthy – who are predominantly London based. In times of economic downturn it will be even harder to attract wealthy investors and trustees of grant giving foundations to organisations outside London. Both MLA and the Museums Association have accepted that we have taken every possible measure to explore this source of funding and that any legacies or philanthropic giving take a long time to mature.
2.7.4. Businesses and philanthropists are usually unwilling to support back-room activities or core activities.

2.8 Whether there needs to be more Government incentives to encourage private donations

2.8.1 The Government should implement tax incentives such as those in the USA, but even there donations have slowed considerably and are centred on major cities.

2.8.2 The Government should find a mechanism or fund which encourages philanthropists to match its own investment in the arts and heritage which can then be distributed nationally. Likewise it should directly encourage philanthropy in the regions and rural areas. It should recognize that continued investment in heritage and museums is the key incentive for philanthropists to invest in success.

2.8.3 Independent Museums should be allowed to recover VAT income. At present admissions are exempt from VAT which results in museums paying VAT across the rest of their functions. Making admissions fees zero rated rather than exempt would allow museums to recover VAT across the spectrum.

2.8.4 Government should also ensure that local authorities continue to waive business rates where applicable.

2.8.5 We welcome proposals to simplify gift aid.

September 2010
**Written evidence submitted by Jonathan Platt (arts 102)**


1. **Summary**

1.1 Spending cuts have already had a significant impact on museum and heritage services in Lincolnshire, with reduced hours and now the proposed closure of three museums.

1.2 Organisations are increasingly working together to collaborate on both strategic and operational matters. Examples include the Lincolnshire One project for arts venues and the development of a Cultural Strategy for Lincolnshire, County Arts Strategy and County Sports Strategy.

1.3 Public subsidy is necessary for arts and heritage organisations.

1.4 The current systems for the distribution of government funding are varied and complex. Since 2009 MLA’s administration of the excellent Renaissance Programme has become increasingly bureaucratic, cumbersome and far less efficient.

1.5 The key functions of MLA should continue to be delivered by government, but in the absence of a sector lead body how will government engage with the sector beyond 2012?

1.6 Looking to businesses and philanthropists to play a long term role in funding the arts may work in London, but it will not work in the regions which are in danger of becoming cultural deserts.

1.7 The development of tax incentives to encourage private donations are welcome, but will principally benefit London based institutions.

2. **Effect of recent and future spending cuts**

2.1 The impact of recent spending cuts has been to create pay and recruitment freezes in the arts and heritage sectors. This has reduced capacity to deliver and has directly affected front line services. For example, Lincolnshire County Council’s museum sites have closed at 4pm since 1 May 2008.

2.2 Future spending cuts have already led to the announcement that the County Council will be unable to operate the following:

- Church Farm Museum, Skegness from 1.11.2010
- Grantham Museum from 31.3.2011
- Stamford Museum from 30.6.2011

2.3 At the County Council’s sites that are remaining open admission charges have been increased above inflation in 2010. For example, at Lincoln Castle, Gainsborough Old Hall and the Battle of Britain Memorial Flight Visitor Centre adult admission prices were increased from £4.10 to £5.00 from 1.4.2010. Further above inflation price increases are likely to occur from 1.4.2011. Whilst
in the short term this does not seem to have had a detrimental effect on numbers attending, it is likely to do so in the future.

3. **What can arts organisations do to work more closely together?**

3.1 In Lincolnshire the Arts Council have supported the development of the Lincolnshire One project under their Organisational Development Thrive Programme. This has brought together many of the local authority arts venues in the county such they cooperate more on marketing, promotion, audience development and arts development. During 2009 they created a county wide Arts Strategy *This is Art!*

3.2 Similarly, in 2009 Lincolnshire’s eight local authorities came together to write a joint Cultural Strategy *Promote, Provide Participate!*


3.4 All three documents set a strategic direction for arts, sports and cultural organisations to go in, but funding cuts will undoubtedly reduce capacity to deliver.

4. **What level of public subsidy for arts and heritage is necessary?**

4.1 In 2008-9 Lincolnshire County Council’s heritage service generated 38% of its turnover from admissions, trading, grants etc. This suggests that it needed 62% “subsidy” from the taxpayers of Lincolnshire to operate as it is.

4.2 Of the 38%, 6.6% came from the national Renaissance programme which is currently under review.

4.3 Reductions in this level of “subsidy” will directly reduce the size, scale and nature of the service. They are doing so already.

5. **Is the current system, and structure of funding distribution the right one?**

5.1 The current system is complex and in many respects cumbersome. Lincolnshire’s Heritage Service receives funding from the County Council, English Heritage, the Arts Council and Museums, Libraries and Archives Council. In the past it has also secured grant funding from the East Midlands Development Agency and Government Office for the East Midlands. All have different systems, criteria and in some cases even financial years. This makes accounting and administration overly complex.

5.2 Since April 2009 the administration of the excellent Renaissance programme in England by the Museums, Libraries and Archive’s Council has become more and more bureaucratic and cumbersome. Prior to April 2009 MLA had a single funding agreement with Leicester City Council as the accountable body for the programme in the East Midlands. Partner services (Lincolnshire, Leicestershire, Derby City, Nottingham City and Northampton Borough) worked with Leicester City to create a unified regional programme. Leicester distributed the funding through agreements with partner services such as Lincolnshire County Council’s
Heritage Service. Leicester also collated the statistical and financial information required by MLA. Since April 2009 MLA has insisted on direct agreements with five partner services including Lincolnshire and still requires Leicester City to collate information. Five agreements are now required, increasing bureaucracy both for MLA and partner services. Quarterly returns now have to be submitted to both MLA and Leicester City and what was once a regional programme is increasingly becoming a series of county or city wide schemes.

6. **Impact of lottery Changes on arts and heritage organisations?**

6.1 No comment.

7. **Need to review National Lottery policy guidelines?**

7.1 No comment.

8. **Impact of abolition of the Museums, Libraries and Archives Council?**

8.1 The key functions of the MLA should continue: Acceptance in Lieu scheme –via the Treasury National Security Adviser Scheme and Museum Accreditation –via The Collections Trust Renaissance – via Department for Culture, Media and Sport or possibly the Arts Council using its established Regularly Funded Organisations (RFO) model.

8.2 Of key concern is whether the museums, libraries and archives sector will continue to be heard by government after MLA ceases to exist in 2012.

9. **Whether businesses and philanthropists can play a long term role in funding arts at a national and local level.**

9.1 From 2000 to 2005 I was Project Director for the creation of the creation of a new City and County Museum for Lincoln and Lincolnshire. The scheme cost over £12m. In spite of strenuous attempts to secure private sector funding from companies and organisations only £100,000 (0.8%) came from businesses, and less than £11,000 from private individuals. The rest came from local authorities, grants, government agencies and charities. Based on this experience I would suggest that only national organisations based in London will benefit from the generosity of businesses and philanthropists. If the regions are left to rely on these sources of income they will become cultural deserts.

10. **Government incentives to encourage private donations**

10.1 Such incentives would be most welcome, but they are only likely to benefit those national organisations based in London.

*September 2010*
Written evidence submitted by Chard and District Museum (arts 103)

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level.

Chard and District Museum rents its premises from South Somerset District Council on a fully repairing lease. For the last 40 years the district council has given a grant that exactly covered the rent. The museum was able to generate additional funds from admissions, donations, ‘Friends of the Museum’, gift aid, shop sales and events that covered its other current expenses. Any, invariably small, surpluses were invested in the museum displays and equipment.

The district council has given notice that the grant will be reduced to zero by 2014 and that the rent for the next five years will be £10,000 p.a. Consequently the museum has progressively to find an additional £10,000 each year in order to remain in existence. Total break-even income/expense is approximately £20,000 p.a. at current prices. This is not a lot of money in the general scheme of things but is a large sum to raise from local voluntary contributions at a few pounds per head.

The situation represents a culture change to which the volunteer trustees are unaccustomed and ill-equipped to manage. Traditional forms of raising revenue identified above are inadequate for raising the total sum required; the nature of the museum as a consumer product means that raising prices/charges tends to reduce total income. Museums are not popular culture. That is to say, total self financing is considered unrealistic.

What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale.

It is difficult to imagine how small organisations miles away from similar ones can reduce effort to make economies of scale. Chard Museum’s expenditure is already minimal and has no paid employees.

What level of public subsidy for the arts and heritage is necessary and sustainable?

Matched funding would seem to be a possible starting formula. A local organisation may be funded by local taxation and those with a wider national perspective may also be funded centrally.

The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council,

The abolition of the MLA means that Chard Museum no longer has an umbrella organisation that it can input to and also receive the bigger picture. This means organisations work in an information and advice vacuum. The DCMS needs specialist arms.

Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level.
Yes, of course they can but presumably the benefits need to be reciprocal. Advice and coordination is required, experiences shared. Who will perform such a role? DCMS? MLA? Incentives to the givers may be appropriate to encourage them but then we may be talking of government spending again and could be back at our starting point.

*September 2010*
Written evidence submitted by the Musicians’ Union (arts 104)

1. The Musicians’ Union (MU) welcomes the opportunity to respond to the Culture, Media and Sport Select Committee’s inquiry into the funding of the Arts and Heritage.

2. We represent over 30,000 musicians working in all genres of music. As well as negotiating on behalf of our members with all the major employers in the industry, we also offer a range of services tailored for the self-employed by providing assistance for professional and student musicians of all ages.

3. We are responding to this consultation in order to protect funding for the arts, especially in the context of the widespread cuts that are already being put into place and which are already impacting on our members.

4. The arts are vitally important to the UK’s economy. The UK has the largest cultural economy in the world relative to GDP, and every £1 invested in culture produces £2. Two thirds of the adult population in the UK enjoy the arts and music on its own contributes nearly £5 billion to the UK economy.

5. Between 1997 and 2006 the creative economy grew faster than any other sector, accounting for 2 million jobs and £16.6 billion of exports in 2007. Arts and culture are also central to tourism in the UK: this was worth £86 billion in 2007 - 3.7% of GDP - and directly employed 1.4 million people. Inbound tourism is a vital export earner for the UK economy, worth £16.3 billion to the UK economy in 2008.

6. At a time when our general economy is struggling, it seems illogical to cut spending and therefore cause permanent damage to the arts – which is one area that has consistently maintained growth.

7. In addition, the cultural sector has made a real contribution to the country’s social and economic recovery through offering work, learning, training and social engagement. The arts represent the creative future on which Britain’s economy depends.

8. And yet the new coalition Government has already asked Arts Council England (ACE) to make cuts of £19 million to its budget and the upcoming Comprehensive Spending Review could force DCMS to make cuts of more than 25% to its budget. If cuts of 25% or more are passed on to ACE, jobs in the creative sector will undoubtedly be at risk.

9. Any such cuts to such a small budget would cause disproportionate damage to organisations and creators. They will have a real impact on the frontline and will cost far more that the extremely small sums they save government overall. This is because cuts in local authority funding, a reduction in private sector support and escalating running costs will create the ‘perfect storm’ for many successful organisations that operate on the mixed economy model.

10. Any cuts that do take place need to be spread intelligently over four years so that they can be managed in the best way. Any dramatic cut in funding in 2011/12 will hit organisations hardest in the Olympics year and it will take many years to recover.
11. Indeed, with the Olympics coming up in 2012, it is essential that Britain’s cultural institutions and attractions continue to deliver the quality and range of programmes that are admired across the world. In order for this to happen, there must be continued investment in the arts. The cultural budget is tiny compared to other departments – it represents only 1% of the NHS budget.

12. The arts sector does, however, recognise the need to contribute to the economic recovery - and has already sustained significant cuts (£112.5 million of Arts Council Lottery funding has been diverted to the Olympics, in addition to the in-year Grant-in-aid cuts). However, there is a point at which the operating models of many organisations will have to be radically reappraised, and some will not have that option. There is a tipping point of 10-15% for most arts organisations.

13. For contracted organisations, cuts quickly translate into a reduction in contracted workforce. Thanks to significant Stabilisation investment and other organisational development support these organisations have finally reached a point where they have sustainable business models, after many years of instability. Upsetting these finely balanced models has potential to tip these organisations back into crisis.

14. For the majority of organisations, cuts will force a reduced programme of work, which translates directly into a loss of jobs in a mainly freelance workforce. Cuts to all organisations will also threaten much of their social and community work, which benefits the wider society.

15. If the creative sectors must make cuts, the main priority must be to protect jobs. We believe that it would be preferable for ACE to rein in artistic ambition and the funding of new projects in the short term in order to maintain frontline services and jobs for the future.

16. The arts will undoubtedly have to get better at new ways of doing things - for example, making philanthropic giving much more effective for the arts. However, this cannot be done overnight and changes and incentives will have to be put in place.

17. Although philanthropy can perhaps play a bigger part in arts funding in future, it would be irresponsible to remove secure public funding in its favour. The example of America, where a number of orchestras and other arts organisations collapsed when donations and legacies lost value, should serve as a warning to us. We believe that the current system of arts funding is amongst the best in the world and that it should be protected at all costs.

18. The Arts Council provides as fair and as direct a method of funding as is possible – any delegation to other bodies would create additional layers of artistic subjectivity which would be unhelpful to overall levels of funding in the sector.

19. We could list hundreds of organisations which rely on the Arts Council for funding. Orchestras, for example, rely on the Arts Council grants and most would fold immediately if this money was withdrawn or, in some cases, even reduced. If we want the orchestral sector to continue to thrive and be internationally competitive as it undoubtedly is at the moment, arts funding must be protected.
20. We would welcome the opportunity to give oral evidence to the Committee if required.

*September 2010*
Written evidence submitted by Dance Consortium (arts 105)

Dance Consortium is a unique network of nineteen large-scale theatres across the UK, established to bring world-class contemporary dance from around the world to audiences across the UK.

In 2009/10, Dance Consortium presented 43 performances of companies from the USA, the Netherlands and Cuba to audiences in excess of 36,500; 22% were new to dance, 16% were new to the theatre and 12% were young people, and average attendance across all the performances was almost 70% of theatre capacity.

Dance Consortium enables more efficient and effective touring than would be possible by theatres acting alone. It is building the capacity of the theatres to engage audiences with vibrant arts experiences that challenge and inspire. Over the last decade, Dance Consortium has presented 23 tours of large-scale international contemporary dance that have engaged over 400,000 people.

Summary

- The UK has an enviable international reputation for the diversity and quality of its arts and heritage; public funding has played a critical role in bringing this about.

- Public subsidy for the arts results in a range of benefits for the state, communities and individuals and is a critical and integral part of the mixed economy of the arts that includes earned, contributed and commercial elements.

- Public subsidy enables organisations to work collaboratively and innovatively as demonstrated by, for example, Dance Consortium.

- The prospect of cuts of 30% over 2011/12 would be regressive and have a serious impact on the arts economy, for example the knock-on effect could result in Dance Consortium no longer being viable.

- In the context of the tiny proportion of public expenditure spent on the arts and the extensive benefits this brings, it is argued that public funding of the arts is excellent value for money and that cuts should be minimised. Businesses and philanthropists are unable to replace public funding or play a significant role in the long-term funding of the arts, as demonstrated by the experience of America.

- The specialist focus of the current structure is appropriate to the distinct nature of the different disciplines of the arts and heritage businesses.

The impact of recent and future spending cuts

1. For Dance Consortium the cut of 0.5% in the current year could be absorbed, but the impact of projected cuts of 30% over 2011/14 would directly result in a cut in the number of tours we would be able to present. Over the last three years we have presented 9 tours, thanks to funding additional to our RFO allocation through Grants for the arts and Sustain funding to address the impact of the recession on international currency exchange rates, in particular with the dollar. We estimate that the projected cuts would reduce the number of tours from 9 to 6 over 2011/14.

2. The impact of this reduction would extend far beyond reducing opportunities for audiences and limiting the diversity and vibrancy of our cultural life. It would threaten the existence of Dance Consortium by minimising the diversity of the tours we would be able to provide for the theatres that in turn would halt the momentum that has been built up over the last decade. We anticipate
that some theatres would consider membership of Dance Consortium to be no longer viable, and the loss of any theatre would reduce the regional reach of Dance Consortium. Being reliant on freelance experts is efficient at current levels of activity, but requires a sufficient volume of work to sustain. The knock-on effect of projected cuts could result in Dance Consortium being no longer viable, but any significant reduction in activity would be regressive and would result in a loss of confidence and faith that is unlikely to be recovered.

3. A number of the theatres are facing cuts in their local authority funding and experiencing price-resistance due to the economic difficulties being faced by their audiences. This means that Dance Consortium tours are increasingly important to the quality and diversity of the programmes they are able to offer their local populations.

4. In the current economic circumstances, there are no viable alternatives to Arts Council funding.

Working together

5. Dance Consortium is an example of arts organisations working together to enhance the diversity and vibrancy of our cultural life, creating opportunities for the public that could not be achieved by working alone. Public funding is crucial to such achievements.

6. Founded in 2000, Dance Consortium tours have been made possible by funding from Arts Council England, initially through Grants for the arts. This provided a period for the testing and development of new ways of working that led to Dance Consortium becoming a regularly funded organisation of Arts Council England (RFO) in 2008. It is registered as a company with charitable status and, as a consortium, is able to operate without the overhead expenditure of a permanent office and staff. Experts are engaged on a freelance basis to undertake specific tasks such as tour management and website, marketing and technical support. This way of working keeps overheads to a minimum, and is only possible through the commitment and efforts of a voluntary Board of Directors.

Public subsidy for the arts and heritage

7. A good society is characterised by the value it affords to its arts and heritage. The UK has an enviable international reputation for the diversity and quality of its arts and heritage; public funding has played a critical role in bringing this about.

8. Funding for the arts and heritage is tiny in the context of total government spending, but its impact is extensive. There are economic benefits, for example in the payment of VAT and other taxes, promoting tourism, and attracting inward investment to disadvantaged areas. According to the DCMS figures published in February 2010, the creative industries contributed 6.2% of the UK’s Gross Value Added in 2007 and 4.5% of all good and services exported. There are also benefits for education, health, social cohesion, raising aspiration, promoting volunteering and social cohesion, creating communities of interest, promoting our international reputation and cultural diplomacy. The public value of subsidy lies in the capacity of the arts and heritage to do many things at the same time. They tap into individual passions, bring people together and present a vibrant image of the UK that is the envy of the world.

9. Public funding is part of the dynamic mix of the arts economy. It is the engine that drives the generation of earned and contributed income for many organisations, and integral to a sector that can boast a vibrant commercial aspect. Public funding may provide the research, training and testing ground for commercial success; it may enable the provision of cutting-edge and high quality work that could not be commercially viable but that creates impact and builds reputation. It also enables organisations to collaborate, share expertise and experience to continually improve efficiency and effectiveness.
10. For all these reasons, public subsidy is essential to the arts economy. Any reduction in current levels of funding would have a negative impact on the wider economy.

The current system and structure of funding distribution
11. There are many benefits in the specialist focus of the current structure. The production, distribution and business of the arts are different to those of heritage, and there are significant differences between the arts disciplines. So, having a government department responsible for culture (a term that includes media and sport) working through specialist non-governmental department bodies such as Arts Council England is the right structure.

National Lottery funds
12. In the arts, National Lottery funds has created a number of world-class buildings and enabled a wide range of projects that have had a major impact, such as in the development of Dance Consortium. However, the arts have suffered from the reduction in National Lottery funds, and the intention to reinstate the proportion of funds distributed to the arts, heritage and sport is welcome.

September 2010
Summary

1. The Place has promoted the development of contemporary dance in the UK for over 40 years, supported by a mix of public and private funding. We believe that this mixed funding model is the right one to protect the necessary diversity of our arts ecology. We believe that organisations like The Place, supported by this funding mix, can lead the development of arts provision to enhance and enrich more people’s lives, including through integrating arts and education provision, and collaborating effectively with artists. We believe that there is a need for continued investment in a national infrastructure for dance to make the most of the art form’s growing popularity among audiences and participants.

About The Place

2. The Place is an organisation that promotes the development of contemporary dance. We combine a dance theatre, a dance school and a touring dance company, and engage in education, participation and professional development work.

3. The Place has been in existence for over forty years. Founded through the vision and philanthropy of one man – the late Robin Howard – we have grown and developed our work with the support over many years of funding partners. Our work in the dance profession and the local community is supported by Arts Council England and the London Borough of Camden; our degree-level training is supported by the Higher Education Funding Council of England. 93% of our turnover is spent on frontline delivery of education, performances and productions, and 4% on maintenance of our premises.

4. Our income from statutory sources is supplemented by fundraised income from trusts and foundations, private individuals and corporate sponsors (who include Bloomberg and Deutsche Bank) and earned income for sale of our goods and services – though as our market is predominantly young people and independent artists with low and erratic incomes, many of our good and services are provided at low or no cost to consumers.

5. During its first three decades, The Place’s existence was a precarious one, with long-term planning and growth impeded by short-term financial challenges. Over the last 10 years, increased, longer-term funding has supported our expansion and development of new income streams. Today, our annual Arts Council grant of just over £2million represents 30% of our total turnover of £6.5million; in 2000, our Arts Council grant of £1.2million was equal to 40% of our turnover of £3million.

The need for bio-diversity in the arts

6. The resilience of the arts cannot be taken for granted. Just as current knowledge about bio-diversity highlights the vital role of smaller plants and organisms (and their
vulnerability) and the interdependence of different parts of the ecology, so the arts sector has both larger and smaller organisations that are mutually dependent in their service to the arts. At a time when ever greater efficiency is required, careful consideration should be given to maintaining a balanced ecology and in doing so it is vital that the fundamental role that organisations such as The Place play within that ecology is both recognised and understood.

7. **Our organisation is a haven of bio-diversity, embracing a mixed ecology of funding** from public and private sources, and opportunity for artists, dance enthusiasts, participants and audiences. Much of this activity happens away from the public spotlight but is nevertheless crucial to the development of the art form, most particularly in the area of professional development for artists.

8. **The Place plays trains, nurtures and supports artists – hundreds benefit from such opportunities each year.** With this support some of these artists will become established as artists of Sadler's Wells or The Royal Opera House, for example, and use the support they receive from The Place as a springboard to the next stage of their careers. It is The Place that is uniquely positioned to identify the potential of an artist like Hofesh Shechter, to devise a scheme like the London Escalator and to form a partnership with Southbank Centre, Sadler’s Wells, Audiences London and Arts Council England to propel him to the success which he has enjoyed.

9. **The identification, nurturing and development of potential are crucial leadership roles of national importance,** and ones which are not necessarily best served by marriage to commercial imperatives. Providing artists with the room to fail, the space to develop at a natural pace, and the encouragement to take risks is part of the fundamental role The Place has to play in developing inspirational and high quality art within a sustainable, resilient dance ecology. At the same time The Place will continue to support artists to be entrepreneurial in the way they seek to build audiences and generate further financial support for their work.

10. A great deal has been achieved over the past 13 years with increased Government investment in the arts. Much of that achievement may be at risk from decreased investment. The mixed arts economy begins with subsidy, because to begin with, at the beginning of their careers, there is simply no way for artists to make both art and money. Inoculating young art from the pressure of the market helps both to develop great art and to make it accessible to everyone (through cheap ticket prices, for example). **Planning and funding needs to be long-term, enabling stability and forward planning for those organisations which develop the arts.**

11. Audience development and arts education practice in England are well-developed, but they are long-term initiatives, often with little promise of financial return for the organisations which invest in them. The arts also face a huge challenge in adapting to be relevant for and make the most of the opportunities offered by the digital age. The Place has the access to content and audiences that could create an exponential increase in the numbers of people it
reaches, but does not yet have the infrastructure or seed capital to bring that content and audience together.

**The relationship of arts and education**

12. **The Place is both an arts organisation and an education institution**, we operate in permanent and constantly evolving collaboration. We understand the symbiotic relationship between education and the arts, and one can feed the other, to the benefit of both.

13. There is a direct relationship between how people’s lives are enriched by the arts, and how they are enriched by education. There are hazards, however, in taking too instrumental an approach either to addressing local authority agendas or evaluating impact. Overwhelmingly, evidence which shows us that young people value the arts for simple reasons: they are life-enhancing, life-enriching and above all enjoyable.

14. The newly developed regional infrastructure for dance and national role for Youth Dance England have done a huge amount to improve young people’s access to dance in the past two years, and it should continue to do so. There is a need for further workforce development, and adoption of national standards to ensure the quality of dance education.

15. The routes of progression from school-age through pre-vocational and vocational training and throughout professional lives need to be firmly established, providing a solid landscape of opportunity for artists at vital times in their progression. The national network of Centres for Advanced Training, funded through the Department for Education’s Music and Dance Scheme, is a new and already vital part of this, as are the accessible and constantly-refined professional opportunities presented by initiatives like The Place’s annual Resolution! platform for 100+ new dance companies, and the Choreodrome programme of free studio time for research – models which have been disseminated and emulated nationally and internationally.

**Organisations working with artists**

16. There has been a danger in the dance sector, with the majority of makers reliant on applications for Lottery-funding, that bodies like Arts Council England become de facto producers (and therefore also de facto programmers of venues). We believe that organisations and individuals within the dance sector can deliver these roles better than the Arts Council – **we would be keen to explore with the Arts Council how to enshrine roles for independent, entrepreneurial producing of work and development of artists.**

17. **Equally we would be keen to ensure that organisations that support the arts (including The Place and Arts Council England) can be guided by artists and have an open dialogue with the artistic community, a relationship based on openness and**
trust. We believe that this should include having more influence over the decisions to fund artists and the shape and criteria of funding programmes that support creation.

18. **Artists need to be able take risks**, but to do this they need the right conditions and a safety net. The extensive professional research and development opportunities offered by The Place offer such a safety net. The Place has a long history of creating the space and the opportunity for artists to take risks, whether on our stage or in the studios, away from the public spotlight. **Artists continue to come back to us at all stages of their career because of the range of support and opportunities we are able to offer.**

19. The artist support we give is not in a vacuum. **The Place is highly networked at local level**, with other organisations across London, **nationally**, through forums such as the National Dance Network, and **internationally** through well established initiatives such as Aerowaves, the European Dancehouse Network and our own ChoreoRoam programme. As such we are able to broker relationships and further support and development opportunities for artists that they would not be able to do nearly so effectively on their own. **We help artists to operate and build their profile locally, nationally and internationally.**

20. As Arts Council England reduces its own staff, more responsibility in delivering key strategic functions will fall to organisations such as The Place to give more direct support to artists. **Organisations like The Place have the scale, facilities and expertise to deliver high quality and cost-effective professional development and – most crucially – have the trust of artists.**

**Infrastructure to support the development of the dance**

21. **Dance’s popularity** – it is the second most popular physical activity amongst young people, and the fastest growing art form in terms of audiences – **is sustained by investment in the artists but also in supporting the infrastructure.**

22. **Developing and opening up access to infrastructure remains an issue in dance,** despite great improvement over the past 10 years. Whilst performances may take place in new locations, unhampered by the confines of traditional theatre spaces, and reaching and inspiring new as well as existing audiences, we still need appropriate spaces for dance to be developed in, and production and commissioning funds for experimenting and risk-taking. Dancers and dance makers need time in well-proportioned, safe studios and theatre spaces in which to develop their work. It is vital that if we are to build upon the sustained investment of Government, to maintain the level of support for and access to the infrastructure.

23. **The investment in dance is a fraction of that given to other art forms.** We have learnt to do a lot with not very much, but it is even more vital if we are to achieve more sustainable careers for dance artists, protect the health and well-being of dance artists, who
need the same support and access to healthcare that top athletes or footballers take for granted, but many of whom can rarely afford it.

24. While we are committed to building our levels of philanthropic support, it is clear from where we are now that state subsidy is a crucial lever for that support, and organisations and individual givers do not see their gifts as a replacement for core state subsidy. The Place has significantly ramped up its private fundraising activity over the past 10 years, but in an increasingly competitive market for private funding there are decreasing marginal returns to be made on this investment. While better tax incentives would be a useful stepping stone to increasing individual and corporate philanthropy, **without safeguards to ensure an equitable disbursement of all funding for the arts to all parts of the country and to artists at all stages of their careers, the delicate balance of the dance ecology will be at risk.**

*September 2010*
Written evidence submitted by Artsadmin (arts 107)

Summary

- The UK arts landscape is one of the most creative, diverse and respected in the world; vital to the economy, central to tourism and a central part of the quality of life in this country
- Spending cuts in the arts will have a huge and disproportionate event across the whole of this landscape from national to local levels
- Arts organisations already represent some of the most collaborative and innovative business models in the UK
- A level of Government spending which continues the investment which has taken place in the arts over the last 15 years is the only way to ensure the continuation of this success
- The Arts Council, having already undergone major restructuring to save costs, is the right organisation to deliver this funding programme, provided the expertise is in place
- Philanthropy has a place alongside Government subsidy, but cannot replace this investment and will not support the provision of local arts projects particularly

Before the general election we attended several events and conferences where both Ben Bradshaw and Jeremy Hunt spoke of their passion for the arts, while warning that the arts could not be exempt from future spending cuts. Those of us working in the sector understand that any Government is unlikely to single out the arts for protection while cuts in public spending are taking place all around, but we would strongly argue that cuts in the arts are a false economy in the longer term, both in terms of the income the investment in the arts brings, and even more importantly, their crucial role in creating a better and happier society.

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

The impact of the expected cuts, coming from central and local Government, as well as an expected reduction in box office income, will have a devastating impact on the arts, far deeper than simply a temporary reduction in funds, and recovery will be impossible for many arts organisations. It will result in:

- Decrease in the experimentation and innovation which currently makes Britain a world leader in the arts
- Increased unemployment
- Reduction in opportunities for children and young people
- Fewer international collaborations
- Fewer training opportunities
- A less vibrant arts programme across the country; from the West End and national companies right through to small community projects
- A reduction in tourism
- A smaller return on the investment
- An unhappier society

It is important to remember that the arts are not just the big galleries and West End Theatres. The arts affect people’s lives in all parts of society. There are endless examples of the arts reaching ‘difficult’ young people who might otherwise end up in gangs, of arts projects helping young people gain confidence enabling them to find employment, of the arts bringing social cohesion to inner city areas and small rural communities. If this government wants to create a ‘Big Society’, then these (often small and less visible)
arts programmes must be protected and supported.

2. **What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale**

Most arts organisations already work in collaboration, they already use economies of scale, work flexibly and efficiently, and are often cited as entrepreneurial business models. The largest subsidisers of the arts are those who work within the sector, and most organisations do a vast amount of work on a shoestring budget – they can only be stretched so far.

At Toynbee Studios, Artsadmin runs a producing organisation and an arts centre, sharing rehearsal spaces, offices, facilities and expertise to benefit hundreds of different arts companies. Many regional theatres ‘host’ smaller companies, to share resources and networks, and there are numerous similar models.

All aspects of the arts economy offer extremely high value for money spent.

3. **What level of public subsidy for the arts and heritage is necessary and sustainable**

The arts budget is very small, much smaller in percentage terms than most of our European partners – and works out at 17p per week per person. This level of funding is absolutely necessary, and even in this economic climate, is sustainable because of the level of employment created, the tourism attracted and income generated. A large proportion of arts subsidy is spent on low salaried employment so any cuts will impact on both unemployment and organisational sustainability.

Unlike most other areas of public spending, arts funding is an *investment*. For every £1 that the Arts Council invests, an additional £2 is generated from private and commercial sources, totalling £3 income. The returns in economic terms alone are huge, with tourists flocking to London as the world’s most vibrant cultural city, where subsidised productions such as *War Horse* move to the West End and attract huge audiences, paying back the original investment many times over. The arts are responsible for the regeneration of particular areas of cities, and for cities themselves – most recently Liverpool City of Culture for example, bringing £800 million worth of local economic benefit.

4. **Is the current system, and structure, of funding distribution the right one**

The Arts Council does not have an easy role even within a healthier economic climate, but it is working closely with the arts sector whose views it regularly seeks, and has a (now lean) staff of professional and committed people. The arms length policy is absolutely crucial as direct funding from Government would not reach the smaller grassroots arts organisations whose role is so crucial to the community.

The Arts Council has already cut its own administrative costs greatly, and should not be asked to re-structure every few years, which is costly and unnecessary. Expertise is crucial, so that the right funding decisions can be made, allowing organisations to plan ahead, acknowledging the importance of research and development and being transparent in its decision-making.
7. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council
As stated above, the arms-length policy is crucial and we believe the abolition of these bodies will have a negative impact and could result in wrong decisions being made in the distribution of funds, which will cost money rather than saving it. It is crucial that those making decisions about funding the arts have the knowledge of the sector, resulting in investments being made responsibly and strategically.

8. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;
Many businesses and philanthropists, as well as trusts and foundations already play a long term role in the arts funding, but this can never replace statutory funding. Arts Council funding attracts further investment from philanthropists, but as many have recently made clear, they will not support the arts without matching government investment. If there is a reduction in government investment, local government investment and philanthropic donations will reduce accordingly.

It is also clear that philanthropic donations only really work for major institutions, and donors are much less likely to support small grassroots organisations, development organisations and young people’s projects. The American arts system only really works for the huge galleries and major theatres. Many small but crucial arts projects exist only hand-to-mouth, if they exist at all. It would be hugely detrimental to the cultural and creative life of the UK if it were to follow this example.

9. Whether there need to be more Government incentives to encourage private donations
As stated above, private donations can never replace government subsidy, but can work alongside it, and some taxation changes might encourage more private investment – but again this will never reach the crucial arts projects that help create the Big Society that our government wish to encourage.

September 2010
Written evidence submitted by the Incorporated Society of Musicians (ISM) (arts 108)

Short Summary

1. The Incorporated Society of Musicians (ISM) is the professional body for music and musicians with over 5300 members and approximately 100 corporate members.
2. There has been a substantial impact on music and musicians as a result of funding cuts to pilot programmes and in-year cuts announced by the Department for Culture, Media and Sport (the Department). Cuts to arms-length bodies increase anxiety and uncertainty for investors in the arts.
3. Private subsidy is not sustainable in the same way as public funding and the experiences of American orchestras highlight these concerns.
4. Additional funding from the National Lottery is welcome, but we have concerns over the unintended consequences of the proposals.
5. We comment on three specific proposals on encouraging private giving highlighted by the Government and whilst we welcome the intent, we are concerned that current Gift Aid proposals would result in a reduction in funding to the arts.
6. We believe that at the very least, the Government must introduce the measures needed to relax other burdens on the cultural sector if any cuts are to be made.

About the Incorporated Society of Musicians

1.1 The Incorporated Society of Musicians (ISM) is the professional body for music and musicians.

1.2 Sir Adrian Boult, Sir Thomas Beecham, Sir Malcolm Sargent, The Lord Menuhin OM KBE (Yehudi Menuhin), Sir David Willcocks and Dame Gillian Weir are all past chairs of the Incorporated Society of Musicians. Our internationally recognised Distinguished Musician Award, first awarded in 1976, has been received by Sir William Walton OM, Jacqueline du Pre OBE, Sir Michael Tippett OM CH CBE, Sir Colin Davis CBE, Sir Charles Mackerras AC CH CBE and Pierre Boulez.

1.3 Founded in 1882, we have over 5,300 individual members who come from all branches of the profession: soloists, orchestral and ensemble performers, composers, teachers, academics, a current Mercury Prize nominee and students. Our corporate membership of approximately 100 organisations includes Classic FM, the Associated Board of the Royal Schools of Music (ABRSM), the Worshipful Company of Musicians, the Association of British Orchestras, all the conservatoires, several universities and specialist music schools.

1.4 We are independent of government and not financially dependent on any third party. Our Chief Executive, Deborah Annetts, now chairs the Music Education Council, the umbrella body for music education in the UK.

Cuts and arms length bodies
2.1 On Thursday 17 June 2010 the Department for Culture, Media and Sport announced a series of in year cuts to the departmental budget, the most notable of these to the music sector was the immediate ending of the Find Your Talent initiative.

2.2 Find Your Talent was launched in ten areas in 2008 to increase cultural opportunities for school children to contribute towards the previous government’s aim to offer pupils in England ‘at least five hours of high-quality culture a week in and out of school’.iii

2.3 Find Your Talent cuts will mean that planned ‘increased professional development opportunities for teachers and other members of the children’s work force’ will be lost and ‘extended services and programmes of new work for young people who have been identified as having particular abilities or talents’ will no longer take place, removing an important opportunity for talent development. It is therefore vital that the Music and Dance Scheme offering remains in place as now the only talent path for music education.

2.4 The planned cuts to a number of pilot schemes such as In Harmony and Sing Up will have a direct impact on the employment of music educators. The portfolio career, where a musician works in a number of different ways, performing, leading and teaching could mean that cuts in one area have a dramatic impact across the whole sector. Even musicians at the peak of their abilities teach.

2.5 The ISM is deeply concerned by the Government’s decision to cut funding to the UK Film Council and the Museums, Libraries and Archives Council because of the lack of consultation which preceded these decisions.

2.6 Whatever the merits of these individual decisions, the psychological impact of un-consulted cuts on the cultural sector as a whole creates a level of uncertainty and risk which can put off investors and private funders, and reduce the sustainability of the sector. We are also concerned at the impact such decisions could have on performers, composers and other film musicians who may have particularly benefitted from the co-ordinating role and start-up support offered by the UK Film Council.

2.7 The increased worry over the impact of cuts on the cultural sector is highlighted by Arts Quarter’s Second Recession Impacts Report. Published towards the end of 2009, the report predicted greater difficulties with fundraising for arts organisations and a reduction in the number of arts organisations expecting high ticket sales.

2.8 The third such report closes to submissions on Monday 20 September 2010 and we recommend the Committee should use the third report if published in time to inform its work.

**Private and public subsidy**

3.1 Private support for the arts is uncertain, whilst public support offers sustainable support. Public subsidy is necessary and sustainable.
3.2 To serve as a reminder for the committee, the UK music industry was worth £3.9bn in 2009\textsuperscript{vii}, up 4.7\% on 2008 with music overall contributing some £5 billion to the UK economy\textsuperscript{viii} and at least 130,000 people directly employed. Our music economy is the third largest in the world for music sales and second for repertoire production. The UK’s per capita revenue of £11.45 is more than twice the size of the US which now stands at only £5.23.

3.3 The uncertainty of private giving and the uncertainty of success in the arts lie behind the importance of public support, and public support can often lever additional funding in to a project.

3.4 As an example of this leverage: The most important music education funding is the ring-fenced local government grant known as the Music Grant and formerly known as the Music Standards Fund. This fund of £82.6 million is critical in providing children from all backgrounds in all local authorities with access to music education. This Grant leverages a further £219 million of additional funding from local authorities, trusts, charities, private giving and parents\textsuperscript{x}. If it were to be cut – which we hope it will not be – the knock-on impact would be dramatic, losing the additional funding which totals more than the Arts Council England music budget of c.£120 million\textsuperscript{x}.

3.5 The structure created by this funding, which supports music services operating independently, within local authorities and outside encourages this further investment.

3.6 The Committee call for evidence included a demand to work more closely together in order to reduce duplication of effort. Music and arts services are accessible to all local authorities. They provide the overall co-ordination working closely with community groups, artists, schools, and local authority services in a number of areas. They have typically low administrative costs (5\% or less from discussions with the ISM) and could expand their function significantly beyond education priorities. This co-ordination would help reduce the duplication of effort. A national organisation can often have higher administrative costs and lacks the key relationship with a local authority.

3.7 It can be difficult, some would argue impossible, to identify talent or ‘high-performance’ art at an early stage, and so private support can be very difficult to attract. Public resources are therefore key in providing initial funding, and eg supporting music education for all (as in the case of the Music Grant) to enable talent, skill and success to be identified, then allowing private support.

Uncertain private funding

3.8 The concept of the Gold Standard, whereby arts organisations are funded by a ratio of funding of 30:30:30, between box office, private fundraising and government subsidy, is designed to act as a guide to the ideal arts organisation funding levels. However, any increase in private giving could result in public funding being withdrawn or reduced.

3.9 Our individual and corporate members have expressed concerns over the experience of private-giving. Comparisons frequently made with the American cultural sector are particularly concerning. In this sector – where there is a high proportion of private philanthropy – a number of orchestras have suffered financial difficulties. This is as a result of the volatility of private giving during economically challenging times.
3.10 As examples, the Philadelphia Orchestra is facing bankruptcy due to a $7 million shortfall. Its endowment ‘stood at $112 million in November, less than half the $250 million it had hoped to have’.

3.11 The Cleveland Orchestra has been forced to make ‘broad and deep’ cuts as a result of the financial crisis and has set out plans to reduce the number of concerts it is giving.

3.12 With these concerns, it is clear that the long-term role of businesses and philanthropists in funding arts at a national and local level should never be used as a justification or excuse for reducing public funding for the arts. To do so would put music and musicians at risk and would, in turn, put the 10% of the economy relying on the cultural sector at risk.

**Lottery funding**

4.1 The proposed increase in funding for the arts from 16% to 20% of National Lottery funding is, of course, welcome as additional funding worth £50 million. This funding will result in an estimated minimum of £8 million going towards music-specific projects.

4.2 However, a number of music and arts projects receive funding from the Big Lottery Fund which will have its budget cut by £150 million in the re-alignment of funds to the ‘original good causes’ of the Arts, Heritage and Sport which will receive £50 million each.

4.3 These projects, with a dual focus on arts and education, or arts and health could see their funding cut in response to the reduced funding for the Big Lottery Fund. Alternatively, they could be forced to move their funding from the Big Lottery Fund to the Arts Council, resulting in a policy with no consequences.

4.4 Our estimate of funding for music related education projects funded by the Big Lottery Fund was £7 million for the financial year 2009 to 2010. This does not include other dual focus music projects such as those involving music and health or music and the voluntary sector.

4.5 In its current incarnation, the realignment of funding could result in no change whatsoever in the levels of funding for the arts or it could result in a decline if the Big Lottery Fund became more reluctant to fund arts projects, or it could successfully result in an increase.

4.6 We believe that in order to guarantee this increase, and ensure that existing projects are not substantially cut by the Big Lottery Fund, policy guidelines need to be revised with the aim of supporting dual focus projects and ensure there is no bias against projects funded by the Big Lottery Fund relating to the original good causes.

4.7 The Government is currently consulting on the revision of the Big Lottery Fund’s priorities to encourage a greater focus on the voluntary and community sector. These revisions provide the opportunity to address the problem by inserting a line to the effect that revisions to the proportion of Lottery money assigned to the Big Lottery Fund should not impact negatively to funding for voluntary and community sector work that involves the original good causes of sport, heritage and the arts.
4.8 We have made this point in a full submission to the Department’s consultation on the National Lottery shares, and have supplied this submission as an appendix to the committee submission. The policy guidelines for National Lottery funding therefore need to be reviewed in light of the concerns noted above.

**Encouraging private donations and gift aid regulations**

5.1 The encouragement of private giving is welcome, and any measures the government takes will be important.

5.2 Jeremy Hunt, Secretary of State for Culture, Media and Sport, has proposed three particular methods of increasing philanthropy:\^v:\n
- Reforming the Acceptance-in-lieu Scheme to ‘make it possible for donors to give works of art to the nation during their lifetimes’;
- ‘Rewarding high-performing arts organisations through longer-term funding deals, so reassuring sponsors and donors that their support would complement public investment’;
- Reforming Gift Aid.

5.3 The first of these is welcome as a method of encouraging more giving to the arts.

5.4 The second will need extensive consultation and discussion over how the Secretary of State will seek to define ‘high-performing’ arts organisations, and how this policy would support smaller arts organisations, beyond those already established, or support the innovation that can – as identified in 3.7 – not initially be identified as ‘high performing’.

5.4 Reforms to gift aid are problematic. The current view is that the system is too complex, resulting in large donations having gift aid claimed against them whilst smaller donations often don’t. The reasons for the Treasury and Department seeking to reform this policy are clear.

5.5 The current favoured proposal is for a ‘composite’ tax rate set at approximately 30% which would remove the link between donor and the rate claimed, but would create a simpler system to administer.

5.5 By removing this link, the composite rate would benefit some charities whilst, according to research carried out on behalf of the HMRC, the arts would lose out from these reforms:\^vi. This is in part because the arts often have a greater proportion of large donations, contrasted with other types of charities which have a larger proportion of smaller donations.

5.6 We strongly oppose plans to reform gift aid in this manner and setting a composite tax rate of 30% as this would reduce funding for the arts at a time when cuts are being made. We would only support such a move if measures were taken to ensure an increase in funding for the arts, though we still raise concerns at the plans to remove the link between donor and gift aid reclaimed which would lose the additional encouragement of charitable donations made by linking the donor’s tax with the donation they choose to make.
Conclusion

6.1 We welcome the opportunity to respond to this inquiry, and welcome the additional funding and support pledges by the Government with regards to increasing private giving, so long as it is not a reason for a reduction in public support which within the current model supports a substantial economic benefit. As an absolute minimum, we re-iterate the need for the Government to mitigate other burdens on music and musicians as follows:

6.2 The Live Music Bill, renewed in this parliament, supported by this committee, needs to be passed as quickly as possible (or the similar, but not as positive, draft Order) to ensure that musicians do not experience yet another delay following the lengthy consultation period of the previous parliament. Whilst we welcome suggestions of holding a review to look at radical reform of the licensing regime imposed by the 2003 Licensing Act, this should not affect the Government understanding of the immediacy of our concerns, particularly as cuts are introduced.

6.3 The Save Our Sound UK\textsuperscript{vii} programme needs funding to sufficiently resource compensation schemes for all Radio Microphones (mics) which will be rendered obsolete by the selling of bandwidth. The current compensation offer\textsuperscript{viii}, though an improvement (it covers channel 69) fails to compensate other bandwidths involved (31-37 and 61-68), hitting large-scale events such as the Olympics.

\textit{September 2010}

\begin{itemize}
  \item[i] DCMS savings announced, Department for Culture, Media and Sport, Thursday 17 June 2010  
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  \item[ii] Music Education in the 21\textsuperscript{st} Century in the United Kingdom, Ed. Susan Hallam and Andrea Creech, Institute of Education
  
  \item[iii] Find Your Talent http://www.findyourtalent.org/pathfinders/tower-hamlets/projects/tower-hamlets-dance-consortium
  
  \item[iv] Music and Dance Scheme http://www.dcsf.gov.uk/mds/
  
  \item[v] 2\textsuperscript{nd} Recession Impact Report, Arts Quarter, 9 November 2009  
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  \item[vi] Arts Quarter Launches 3rd Economic Impacts Survey, 11th August - 20th September 2010  
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  \item[vii] \textit{Economic insight 20}, Performing Rights Society for Music, 4 August 2010  
  \hspace{1em} http://www.prsformusic.com/creators/news/research/Pages/default.aspx
  
  \item[viii] \textit{Music}, Department for Culture, Media and Sport, August 2010  
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  \item[ix] Report from the National Music Participation Director, January 2010
  
  
  \item[xi] Philadelphia Orchestra May File for Bankruptcy, Daily Finance, 25 January 2010  
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UK to see surge in next generation of mobile technology under new Government plans, Department for Business, Innovation and Skills, 28 July 2010
Written evidence submitted by Maritime Greenwich World Heritage Site (arts 109)

1. Maritime Greenwich World Heritage Site

1.01 The UK Government’s responsibilities in respect of the UNESCO World Heritage Convention which the Country joined in 1984 including nominating Sites for WH status are exercised by the Secretary of State for Culture, Media and Sport.

1.02 Maritime Greenwich World Heritage Site was inscribed by UNESCO in 1997. All WHS are required by the Convention to have Management Plans, primarily to protect the Outstanding Universal Values of the Site. Since 1999 a Steering Group, supported by an Executive of local partner organisations, has implemented a Management Plan for the Site. No direct funding has been received from DCMS for the World Heritage Site, although 3 major partners, Royal Parks, the National Maritime Museum and Greenwich Foundation for the Old Royal Naval College receive grant-in-aid from the Department.

1.03 All historic fabric requires repair and maintenance and this demands investment which has been sought successfully on a capital and revenue basis. In order to secure such investment Maritime Greenwich has been established as a visitor destination. This has seen a 5-fold increase in visitor numbers since Inscription with an annual count now of some 10 million.

1.04 The partnership that has evolved over a period of 13 years offers a model for private/public arrangements in other areas.

2. Inward investment

2.01 Maritime Greenwich has gone through a substantial period of change since the WHS Inscription of 1997. The most significant change was the departure of the Ministry of Defence from the Old Royal Naval College and the setting up of Greenwich Foundation for the Old Royal Naval College. Subsequently this led to the establishment of the Maritime Greenwich University Campus with Greenwich University and Trinity College of Music leasing the Royal Courts.

2.02 Greenwich Park is administered by Royal Parks. The National Maritime Museum has been located in Greenwich since 1937.

2.03 Greenwich Town Centre, which makes up the remainder of the World Heritage Site, is a lively shopping centre containing Greenwich Market. Much of the freehold, as with the Old Royal Naval College, is owned by Greenwich Hospital.

2.04 In 1999 the arrival of the Docklands Light Railway substantially increased the accessibility of the Site from central London.

2.05 The changes that have taken place over some 13 years have included a substantial investment in the fabric. This is assessed at £250 million. The Heritage Lottery Fund have given grants totalling £75 million.

2.06 In 2010 it was announced that London Borough of Greenwich will become a Royal Borough in 2012. This is largely due to the royal connections that the Maritime Greenwich World Heritage Site has had over some 5 centuries.
3. The partnership

3.01 The Maritime Greenwich WHS Steering Group consists of the national heritage organisations and local partners including:

DCMS
English Heritage
ICOMOS UK
The Heritage Lottery Fund
The O2
*London Borough of Greenwich
*The National Maritime Museum
*Greenwich Foundation for the Old Royal Naval College
*Greenwich Hospital
*Greenwich University
*Trinity College of Music
*Cutty Sark trust
*Royal Parks

3.02 The Maritime Greenwich WHS Executive, which supports the Steering Group, consists of local partner organisations indicated *.

3.03 A number of groups dealing with particular aspects work to the WHS Executive. These cover marketing, visitor management, learning, transport and design.

4. The visitor economy in Greenwich since 2002

4.01 Since 2002, the WHS Marketing Group has invested a total sum of £760,000 cash and more than £500,000 worth of in-kind assistance from partners into marketing the destination Maritime Greenwich, a World Heritage Site.

4.02 Prior to the WHS Marketing efforts, when detailed visitor numbers were also less readily available, visitor numbers had grown steadily. However the increased profile of Maritime Greenwich has given an annual increase of nearly one million visitors (12%) to the borough of Greenwich since 2002. Maritime Greenwich now receives around 9.6 million visitors.

4.03 The spend per head has risen from £48 to £55, nearly a 15% increase.

There has been a 9% increase in the number of visitors choosing to stay overnight – over 600,000. The day visitor market however still remains dominant at 94% of the total market.

4.04 The results of the marketing programme have therefore been very positive and indicate the strength of a coordinated approach by the WHS partnership.

4.05 The decision by the International Olympic Committee to award the 2012 Games to London may well have been assisted by the special qualities of Maritime Greenwich, which featured strongly in the submission by the UK. Greenwich Park will be the venue for the equestrian and modern pentathlon events for both the Olympic and Paralympic Games. There is no doubt that the outstanding setting provided by the Old Royal Naval
College and the Royal Park will feature very prominently in the world-wide coverage of the Games.

5. Response to the points raised by the Committee

5.01 Impact of spending cuts

5.011 The Partnership at Maritime Greenwich has implemented a Management Plan for the last 11 years to assist the responsibilities of the Secretary of State for Culture Media and Sport. This has been achieved without direct funding. However possible future spending cuts may well affect the individual partners in the WHS and lead to a deterioration in the presentation and maintenance of the Site overall.

5.02 Working partnerships

5.021 The partnership at Maritime Greenwich represents a successful model and delivery mechanism.

5.03 Level of public subsidy

5.031 There is at present no direct public subsidy for Maritime Greenwich World Heritage Site

5.04 Funding distribution

National Lottery funding policy guidelines

5.041 The Heritage Lottery Fund have been very helpful in assisting schemes throughout the World Heritage Site. A number of these individual grants have involved the recognition of the World Heritage Site context and in some cases have included a condition by the HLF for signage etc. to link up with other parts of the Site.

5.042 However it would be very helpful if HLF grants could be made on a more holistic basis, not just site by site. In this way a number of aspects of visitor management and interpretation could be greatly improved. Better signage is a clear example but this could extend to interpretation of the WHS too.

5.043 The HLF grants are limited to restoration of building fabric and it has proved impossible to obtain help with schemes to improve the wider environment. For example the landscape of the Old Royal Naval College has been carried out without external funding although the setting of these buildings, often described as the finest that the UK possesses, is of paramount importance. Greenwich Town Centre remains in need of similar environmental improvement and a system of grant aid that recognised the importance of the wider environment would be most welcome.

5.05 Impact of recent DCMS changes

5.051 Maritime Greenwich is a venue for two of the 2012 Olympic Games events as well as for the Paralympics. A great deal of work has been undertaken by the heritage
agencies to ensure that the historic fabric is not threatened by the works required. The focus of world attention on Maritime Greenwich during 2012 gives an opportunity to champion the wider concept of world heritage.

5.052 The expectations of the country are recognised and the WHS partners in Maritime Greenwich are working to have the Site in its best state for the Games. Work is proceeding on a number of capital projects to ensure completion in time for 2012. These include the restoration of Cutty Sark, the development of Greenwich Pier, improvements to Cutty Sark Gardens, the part-pedestrianisation of Greenwich Town Centre and the construction of the Sammy Ofer Wing of the National Maritime Museum.

5.053 As well as these capital projects there will be work needed to bring a number of services etc. up to a satisfactory standard including coach facilities, toilets, gates, road crossings and the street environment. There is no central funding available from DCMS for any work in respect of the 2012 venues.

5.054 Three of the main WHS partners, the National Maritime Museum, Greenwich Foundation and the Royal Parks receive funding from DCMS. Maritime Greenwich will be representing and showcasing the best of the nation’s heritage in 2012. Any reduction in this funding will put the repair and appearance of the Site at risk, thus jeopardising the appearance of the World Heritage Site.

5.055 (unused)

5.056 To date negotiations with LOCOG have not resulted in any substantial legacies from the Games. It is disappointing that some of the temporary works needed for the events, will not become permanent improvements. This includes the provision of new road crossings and a tangible waterfront legacy.

5.06 Role of businesses and philanthropists

More Govt. incentives re private donations?

5.061 The Maritime Greenwich WHS partnership involves partners from all sectors of the economy. This has been particularly successful in marketing the Site. A number of schemes being pursued by WHS partners have benefitted from private donations including the National Maritime Museum, the Cutty Sark Trust and Greenwich Foundation. It is estimated that over £43 million has been received from philanthropic sources for the various schemes undertaken in the WHS since inscription. Without this support it is most likely that some of the schemes would not have reached fruition. Any encouragement that central government can give for future donations will materially assist in maintaining and improving the World Heritage Site.

September 2010
Written evidence submitted by National Historic Ships (arts 110)

Summary

This submission covers the following key points:

- Further spending cuts to core costs of heritage bodies may result in the loss of their effective operational ability
- National Historic Ships welcomes the proposed changes in distribution of Lottery shares
- National Historic Ships suggests a review of Lottery funding policy in relation to the following areas – acquisition of heritage assets, increased project mentoring and grant-aid to private owners
- It is crucial that National Historic Ships continues to operate as an independent organisation, grant-aided by DCMS, to allow it to provide objective advice to government and other public bodies
- National Historic Ships costs only £257,000 per annum, of which some £50,000 is disbursed in grants and it has generated three times its annual costs in investment in historic ship projects

Introduction

National Historic Ships, with its governing Advisory Committee, was established by DCMS in 2006 as the official source of advice to HM and the devolved Governments and other public bodies on funding priorities associated with ship preservation and maritime heritage in the UK. A key element of National Historic Ships’ remit is to hold, maintain and develop the Registers relating to UK historic vessels, which includes those on the National Historic Fleet – some 200 vessels of pre-eminent national significance which merit the highest priority in terms of conservation. In addition, National Historic Ships has taken the lead in promoting the regeneration of skills and facilities to support and maintain UK historic ships by developing associated training and educational opportunities. On behalf of National Historic Ships, I welcome the opportunity to comment on this inquiry into the funding of Arts and Heritage, looking particularly at the impact of centralised funding on the maritime heritage sector.

Impact of recent and future spending cuts from central and local Government

As a DCMS-funded body, National Historic Ships was required to make a 3% cut in June 2010. This resulted in funding being withdrawn from the areas of: staffing including travel costs, consultancy and web development. Even this relatively small reduction had a considerable impact, bearing in mind that National Historic Ships has a UK-wide remit which involves a high level of travel, a small staff which relies on external consultants to carry out project work and an interactive website which is the prime method of communication with sector stakeholders. With a total annual budget of only £257,000, a reduction at any level will affect our activity, whilst further cuts will seriously curtail the organisation’s output or result in the loss of effective operational ability.

Ways in which arts organisations can work more closely together to reduce duplication of effort and make economies of scale
The maritime heritage sector has suffered from fragmentation in the past, with no single recognised body in a position of authority to take the lead or prioritise historic vessel conservation. Since its establishment, National Historic Ships has become the official voice for historic vessels in the UK, working closely with the wide range of umbrella organisations, including museums, trusts and friends’ groups, which all represent maritime heritage in different forms. Close co-operation between groups of this kind reduces duplication of effort, with the lead organisation able to delegate tasks to the wider sector as appropriate. Setting up a hierarchy in this way is critical to ensure that multiple groups do not attempt to cover similar tasks without communicating fully with each other.

**What level of public subsidy is necessary and sustainable for the arts and heritage**

National Historic Ships accepts that in the current climate it will be necessary to make certain reductions to public subsidy for arts and heritage as well as other sectors. However, the present arts and heritage budget is relatively small and cuts could have a disproportionate effect compared with the savings achieved. Arts and culture are central to tourism in the UK, with heritage making a significant impact on the national economy creating employment, leisure activities and a healthy society. The heritage sector is now looking at new ways to support government reductions through collaborative working and partnerships. Whilst some of the short-fall caused by further cuts may be recouped by private donations or successful funding applications, it is important that a level of core funding is retained to cover fundamental costs which cannot be recovered elsewhere. It is our experience that private donors or funding bodies are more likely to support new initiatives, rather than ongoing running costs of existing services being delivered. National Historic Ships costs the taxpayer only £257,000 per annum, of which some £50–£60,000 p.a. is disbursed in small grants. This year, we directly generated three times our costs in investment in historic ship projects, whilst raising monies for our own projects too.

In addition, there are some areas of the maritime heritage sector which will find it difficult to find subsidy elsewhere if funding is withdrawn. National Historic Ships currently manages a small grants scheme for owners of vessels on the National Register of Historic Vessels (NRHV) and has awarded over £250,000 via this initiative to date. Private owners are able to apply for this funding from National Historic Ships, provided their application demonstrates public benefit and this is one of the very few ways that private individuals can seek funding of this kind since they are not currently eligible for Lottery funding. Whilst National Historic Ships was able to work with the 3% cut received earlier this year, the operational budget is relatively small for the level of activity and this could not be sustained if more substantial cuts were made.

**The impact recent changes to the distribution of National Lottery Funds will have on arts and heritage organisations**

National Historic Ships has responded to the DCMS consultation on the change in Lottery shares and welcomes the proposal to restore the shares of the National Lottery Distribution Fund which will see an estimated £50 million extra funding for heritage annually. Conserving, maintaining and opening the 1,000 historic vessels listed on the National Register of Historic Vessels for public benefit is very challenging. As primary advisor to the Heritage Lottery Fund on maritime bids, National Historic Ships is aware of the strong demands placed on the current HLF budget to meet the consistently high level of applications received. The Heritage Lottery Fund has now awarded over £100 million to some 165 projects involving historic ships and boats.
• **Whether the policy guidelines for National Lottery funding need to be reviewed**

The National Heritage Memorial Fund (NHMF) has made some highly significant interventions to save historic vessels, but its resources are over-stretched and there are many cases where the historic vessel projects do not meet NHMF criteria. Consideration should be given to seeing how Heritage Lottery funding can be utilised in certain circumstances to secure heritage assets, predicated on formal agreements to implement fully developed schemes later in the process delivering the public benefit which it is appropriate to demand.

It is essential that hard-won lottery monies are not squandered on nugatory overhead costs. At the same time care needs to be taken to ensure that HLF has the infrastructure required to control project expenditure. Monitoring and mentoring are crucial elements in managing historic vessel programmes and should not be seen as wasteful or dispensable administrative overheads. Historic vessels are amongst some of the most complex conservation projects which anyone can undertake, often demanding skills which need to be re-learnt and services which are very hard to find. There have been many historic vessel projects where greater levels of monitoring and mentoring, backed by higher up-front investment in survey and preparation works could have resulted in lower costs than experienced at final out turn. Similarly, higher allowances for contingencies, strictly controlled through project monitoring and only spent when clearly required, can actually save money over the life of the project rather than be an excessive cost. In order for everyone involved to understand that monitoring and mentoring are not central administrative overheads, financial provision for these could be made from within the grant award rather than allocated centrally as an administrative overhead. This would emphasise the crucial relationship of these to the project whilst leaving HLF in overall control on expenditure.

At least 50% of vessels on the National Register of Historic Vessels are in private ownership. As the rules presently stand, this makes them ineligible for Heritage Lottery funding. The National Historic Ships’ small grants scheme is one of the few sources of funding open to private owners and this is already massively oversubscribed. National Historic Ships recommends that Government consider opening up Lottery funding to private owners as an incentive to encourage high standards of conservation.

• **The impact of recent changes to DCMS arm’s length bodies – in particular the abolition of the UK Film Council and the MLA**

In a written statement issued on 26 July 2010, the Secretary of State for Culture, Olympics, Media and Sport (Rt Hon Jeremy Hunt) announced the de-classification of National Historic Ships with its functions to be transferred to another body. National Historic Ships has since been working closely with DCMS to explore the best way of continuing to maintain the level of services National Historic Ships provides to Government, HLF, other funding bodies and heritage organisations. It is important that National Historic Ships retains independent status so that we can continue to provide objective advice, rather than being merged into another body such as a Museum, which would not be able to give an expert overview on ship conservation and related skills.

The decision to abolish certain other arm’s length bodies will also have an impact on the future work of National Historic Ships. The Museum’s, Libraries & Archives Council (MLA) is currently home to the PRISM Fund which has awarded approximately £2.5 million to historic vessels since 1975. National Historic Ships is the recognised advisor to
PRISM on all applications which relate to maritime heritage and is keen to ensure that the Fund continues to operate and support this sector.

The work of the Advisory Committee on Historic Wrecks is closely aligned to the management of the Registers by National Historic Ships. With the abolition of this body, it is important that English Heritage is properly supported if it is to take on the remit of this Committee. National Historic Ships has been working closely with English Heritage in the past year on common issues and could explore ways of collaborative working to ensure that the key services provided by the Advisory Committee on Historic Wrecks are not lost.

Conclusions

In the four years since its establishment, National Historic Ships has made a number of key achievements, demonstrating that it can provide value for money and operate successfully within the small budget set aside:

- Distributed some £250,000 in grants to historic vessel owners, funding sustainability works to our maritime heritage and the regeneration of key skills
- Intervened to prevent the destruction of significant elements of Britain’s maritime heritage, such as the clipper ship City of Adelaide, working with Government to find a conservation solution
- Found a secure home for vessels on the National Historic Fleet, such as World War 2 High Speed Launch 102 and Motor Gunboat 81 who are now part of the Portsmouth Naval Base Property Trust boat collection.
- Brokered an economic life for key historic vessels, resulting in signed contracts e.g. matching a French wine company with Kathleen & May, the only working topsail schooner in the UK, which led to 3 contracts to move wine in this ship between France, Ireland, and SW England.
- Launched the Shipshape Network, a national communications framework providing regional networks of skills and suppliers (including an online Directory of Skills and Services)
- Developed a number of training projects, including a £126,000 HLF-funded partnership project to develop training in ship conservation skills and national accreditation
- Published three guidance publications setting out best practice in vessel recording, conservation and deconstruction

In order to continue working on these and other initiatives it is vital that National Historic Ships receives the current minimal level of core funding from DCMS. With this in place, we will work to attract further funding for individual projects to ensure that Britain’s maritime heritage remains secure in this time of economic crisis.

September 2010
Written evidence submitted by Amber Film & Photography Collective (arts 111)

SUMMARY

Impact of Cuts: useful debate, threat to distinctiveness and diversity;

Economies of Scale: strong possibilities in funding structure, maybe some possibilities in larger organisations, danger of homogenisation;

Necessary Level of Public Subsidy: the arts are sustainable – they will survive; depends what you want;

Is Current System the Right One: no system ideal; there are huge anomalies in film funding which need to be structurally addressed;

Impact of Lottery Changes / Policy Guidelines Review: more money always useful, more flexibility would be even more useful;

Arm’s Length Principle / Abolition of Film Council & MLA: arm got shorter, should get longer again; depends on what happens next, but push film funding reorganisation into the regions;

Businesses and philanthropists: lovely people but don’t rely on them to provide stability;

More Government Incentives to Giving: probably more useful than the incentives to ripping us all off.

1. What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level

The broader debate they have generated is probably quite healthy – it is good to have to make the case for the work that you do, to challenge assumptions and to question some of the directions in arts, media and heritage funding over the last ten years. The restructured Arts Council and our local authority (Newcastle upon Tyne) have approached a difficult situation with considerable responsibility and an openness that seems admirable. Obviously things will get more problematic as they are forced into more serious percentage cuts and, inevitably, cutting organisations, but the approach from both, so far, has been rooted in an understanding of and respect for the value of difference. Nobody has a right to subsidy. It would stupid to argue that everything that is currently funded is wonderful. As and when deeper cuts are implemented, bad decisions will be made alongside justifiable ones.

The difficulty we face is that the last ten years or so saw a deliberate aligning of cultural funding with government strategies. Some of this might have seemed like nothing more than soft PR and the kind of target management everybody else had to put up with, but it was a corrupting influence from which ACE only began the process of detaching itself with the Brian McMaster report in 2008. We are only beginning to recover from the expensive institutionalised dishonesty that came with target management and PR. It had an homogenising effect. At this precise cultural moment, the healthiest approach would be something like the old, ‘Let a thousand flowers bloom!’ Clearly that is not going to be the watchword, but the spirit that informs that approach should be maintained nevertheless.
2. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale

This may have some practical value with the larger arts organizations, where some services, such as HR, might be shared between organisations in geographical proximity. Central ordering might be possible. One should be careful however. The ‘thousand flowers’ (less 10 – 40%) principle loses its value if everything ends up being chrysanthemums. Particularly in the smaller organisations, but even in the larger ones, the nature of the organisation is inextricably bound up with its identity and distinctiveness. We’ve just gone through a period where there was a damaging pressure towards philosophical homogeneity. It’s always worth asking the questions, but at whatever reduced overall scale, it is the distinctiveness of the different organizations that is of greatest importance.

There would be sense in bringing back together the regional structures of the arts and film, however. The separation of 2002 has generated much higher establishment costs on the film side and far greater inflexibilities in the kind of work that can be supported. In the current cultural context, with so many technological, distributive and artistic convergences, it would be more productive to have a continuum of funding opportunities. There is an argument for keeping national ‘film industry’ funding separate – there are some different priorities – but this should be examined closely.

3. What level of public subsidy for the arts and heritage is necessary and sustainable?

This is an impossible question to answer. By and large, the relationship between public subsidy and other income is quite healthy across the arts. If we want the kind of arts we have in this country, reducing levels of public subsidy will have the effect of reducing other income levels as well. I don’t buy the idea that private investment can be drawn in to replace public subsidy. There are much higher levels of private arts funding in the USA, but, there, a vast swathe of what we are able to do in this country would simply not be possible. And, if you want to pursue an economic line, much of the distinctiveness from which we are able generate significant cultural earnings as a country is rooted in the very particular and often small scale things that we are able to do here.

Looking at things another way, communications and information are key areas in which it looks like there will be economic growth internationally over the coming years. It may sound trite to say that the arts and heritage are about communications and information, but, even though one may not always know where the investment is leading, it is important to encourage the rich interplay of activity across these territories, because history tells us that it is hugely productive.

The arts would survive even if there were no funding – they grow from quite deep and complex needs (most, but not all of them admirable…). They have, however, been increasingly of importance in the UK’s ability to punch above its weight as a post-industrial, post-colonial, declining power. Internationally, it is the individualism, independence and originality that plays best. This is what will be lost as artists and producers are pushed towards other people’s agendas.

4. Whether the current system, and structure, of funding distribution is the right one

There is no ‘right’ system of funding distribution. I lament the loss of the regional arts associations/boards – there has been a damaging strengthening of metropolitanism over recent years (in broadcasting, in the press, in arts and film funding). It is not good for
our culture. At the same time, I would recognise that the recent reorganisation of the Arts Council has, in fact, been taken forward with far greater openness of thinking than was often the case before. The arms length principle was seriously eroded under the last government and it would be healthy to rebuild the sense of independence. It is also true that the recent ACE reorganisation has seriously reduced establishment costs – which is good.

I don’t know enough about museums funding to talk of that territory, but, as argued above, film funding establishment costs have seemed disproportionate to the level of funds coming out. We have had more to do with our regional screen agency than with the Film Council. Although I was initially against the ACE reorganisation proposals, the goodwill with which they are being developed in the North encourages me. In our work we operate across the arts (a documentary photography gallery and archive), film (film production, a film archive and a cinema) and media (website, webtv), so we could be seen as biased – our interests would be served by something much more connected. We have been concerned over the last few years about the territories of film and video work that can’t be funded since Alan Parker’s Film Council ‘vision thing’ back in 2002, telling us (quite accurately) that there would only be crumbs for cultural and regional film. It was a mistaken policy from which the Film Council has pulled back. The ludicrous thing is, however, that, if I was a visual artist wanting to make ‘artist film and video’, I could make a good case for getting between £10K and £30K without the process seeming impossible. If I want to make a documentary or a drama (culturally equivalent to work I might do – and fund - in photography or theatre and with similar or greater audience reach), I find it hard to get £5K. Unless I am able to fit in with a compromising scheme or a ‘economic development’/’film industry’ agenda. This is culturally damaging at this ‘Gutenberg’ moment, when moving image has become accessible as a vernacular. Going back to the argument in 3 (above), we as a nation lose out from this cultural flexibility.

Given that the Film Council has been axed, I think it is important that the whole film funding structure is revisited. Priority should be given to:

a) Flexibility of funding;
b) A continuum of funding opportunity that does not arbitrarily exclude different ways of working and different kinds of work;
c) Efficiency of establishment;
d) Parity of esteem between metropolitan and regional concerns and practices.

5. What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations / Whether the policy guidelines for National Lottery funding need to be reviewed

If you’re referring to the return to original percentage levels, clearly these will be positive. Under the last government there was, as with cultural funding in general, a pressure to address government agendas and PR concerns. The country would probably benefit more from widening the possibilities of what can be funded. It’s hard for governments to see this at times, but the pressure to accommodate their visions can reduce meaningful productivity (even when the principle is good). The less rigid the schemes, the harder you have to work in assessing and justifying proposals, but the healthier the outcome. There are benefits from letting go.

6. The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council
I have already argued, above, that the arm has got shorter over the past ten years and it could do with extending itself back again. It’s impossible to say what the impact will be of abolishing the Film Council and MLA – it depends on what happens next. I don’t know about the MLA, but given that the Film Council has been abolished, it is important to carry on and sort out the cultural anomalies that were generated in the separation of film funding from the Arts Council and the establishment of the Regional Screen Agencies (see 4, above).

7. Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level

Businesses, philanthropists, the very rich, the very poor and all the world between have played vital long and short term roles in funding arts at national and local levels for as long as art has been valued. This situation is unlikely to change.

It very much depends on what you want (see 3, above). By and large, businesses and philanthropists do not want to commit themselves to providing long-term security to particular organisations. Our organisation has received revenue funding from the historical Arts Council/Regional Arts structure for 33 years. The level has fluctuated wildly at times (and not always in a good way), but even in the most difficult period there has something that has enabled us to continue work, the 40 year narrative of which is unique and of cumulative cultural significance. We would not have been able to build such a distinctive body of work if that kind of funding had not been there.

If you have stable, long-term public funding, you can work creatively with the shorter term interests of businesses, foundations, philanthropists and whoever. There are perhaps more opportunities to secure some kinds of interest where you have a national/international profile, but its not impossible in the regions or in some of the more difficult areas. The cumulative contribution of this funding to the sector can be considered long-term, but in the vast majority of cases the particular experience of it will be short-term.

8. Whether there need to be more Government incentives to encourage private donations

The easier government makes it, the more private donations will play a part.

September 2010
Written evidence submitted by Modern Art Oxford (arts 112)

Summary Points

1. The recent announcements of proposed spending cuts to arts and heritage organisations carries the inevitability of closure to many cherished organisations and the risk of turning the clock back twenty years on the level of investment needed to support a robust sector.

2. Art and Heritage organisations understand they are not immune to cuts given the present climate, but oppose indiscriminate cuts to a sector that has continued to demonstrate an ability to grow and add both intrinsic and economic value year on year with the most modest of public investment.

3. Arts and Heritage organisations are prepared to plan for change in their business modelling with a clear, thought through timescale that sets realistic goalposts. Immediate and drastic cuts give little opportunity for arts organisations to change and respond to the new environment.

4. Planning for change demands a clear timetable from DCMS and the Exchequer on plans to encourage philanthropic giving through tax incentives. As yet little information or commitment is forthcoming which leads to lack of confidence from potential patron support and undermines international competitiveness for investment. In addition, the greatest lever to private philanthropy is the endorsement that comes with public funds.

5. Equally, DCMS needs to indicate a clear and explicit timetable for the review of National Lottery Funds to supplement Arts and Heritage programmes, though it needs to be acknowledged that this in no way replaces continued revenue support.

6. DCMS must understand and acknowledge that encouraging individual giving and philanthropy differs vastly from region to region and especially in contrast from London to the regions. This needs to be recognized in any suggested change to business modeling in the future.

7. To ensure a healthy sector, a mixed economy of public and private funding will always be needed and a clear commitment to this should be explicitly communicated.

8. What impact recent, and future, spending cuts from central and local
Government will have on the arts and heritage at a national and local level
For any small business modeling a new business plan on proposed 30% cuts to the revenue income will lead to radical restructure of resources and programmes to ensure survival and sustainability. Inevitably there will be closures of organisations that are unable to tolerate such reductions and redundancies are now already increasing as organisations look to reduce their costs. More critically however across the sector is the very real danger of putting the clock back twenty years to a level of investment that is clearly insufficient for today’s world. The financial return from arts investment is well documented; in the museum and galleries sector alone for every £1 invested £2 worth of product is produced. Sustained investment over the last decade has lead to a remarkable growth and success story in the development of the arts and heritage sector, one that has had real economic value both nationally through tourism and regeneration and internationally. Internationally, the recognition of the UK’s cultural sector has done much to communicate the country’s values of innovation, creativity and forward thinking through our film, music and arts industries that have often been the spearhead. This would not have been possible without the mixed economy of public and private funding that creates the condition for risk taking and innovation, without the explicit commercial imperatives. Cuts to public funding at the level proposed would suggest that the appetite to take such risk in our investment in the future, in new and emerging talent and new, innovative models for programmes would be severely restricted. In addition, the focus on engaging wider and difficult to reach audiences as part of our core work, often through the free admission at our institutions and expansive outreach and education programmes is severely threatened, programmes which have contributed significantly to local community inclusion programmes.

9. What arts organisations can do to work more closely together in order to reduce duplication of effort and to make economies of scale
It must be acknowledged that arts organisations are already expert in getting the absolute most out their resources and delivering world-class programmes on the most modest of budgets. There are increasing moves for consortia of organisations to pursue collective purchasing of shared services; IT, legal and financial, and within
the arts sector shared product and transport, which whilst offering modest savings may limit flexibility and responsiveness to creative programmes.

10. **What level of public subsidy for the arts and heritage is necessary and sustainable;**

Presently, 7 pence in every £100 is contributed from the public purse to arts and heritage. This already seems an arbitrary and low figure given the demonstrable benefit both economic and culturally that the arts and heritage return. What is needed is not a specific settlement of a figure but an open debate on the value we place on culture and the arts and how we are prepared to pay for this. There will, inevitably always be a need for a mixed economy of public/private support.

11. **What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations; Whether the policy guidelines for National Lottery funding need to be reviewed;**

If recent proposals to restore Lottery Funding to their original purpose, including a 20% share for the arts and heritage are implemented then this will inevitably have a boost for the sector. However, if the strategy is to consider Lottery Funding as an option for replacing the funding lost in the 30% cuts then this is perilous. Project-specific funding which is the basis of lottery funding does not give the confidence or the guarantee of ongoing revenue funding – it does not allow organisations to plan robustly for the future. If there are suggestions of policy changes to allow long term funding through the Lottery for revenue streams then this needs to be considered. In parallel with this, a longer-term commitment to levels of core funding (3-5 years) for the key arts organisations is vital in order to create the confidence for investment from non-public sources.

12. **The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council; Whether the current system, and structure, of funding distribution is the right one;**

Arts Council England have in my experience balanced successfully a support of the sector with an arms-length approach. Significant shifts have been made in recent
years to genuinely strike strong relationships with the key organisations and a reciprocal dialogue into the needs and health of the sector. The threat to this relationship would be detrimental to our work.

13. **Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level; Whether there need to be more Government incentives to encourage private donations.**

Inevitably private and individual philanthropy and corporate support can help in the long term funding of arts and heritage. This requires a serious investment from DCMS and the Exchequer in creating the climate and conditions in which people will feel empowered to give. Presently there is little information or commitment forthcoming for tax incentives which leads to lack of confidence from potential patron support and undermines international competitiveness for investment. In addition, the greatest lever to private philanthropy is the endorsement that comes with public funds. In addition, the vast pull of London’s arts organisations (securing over 75% all individual and corporate giving) needs to be acknowledge and incentives thought through for encouraging giving within the regions. Also, programmers are all too aware of the type of product that will attract individual and private investment and that which will not. A dependency on such streams of funding has the potential to radically impact on programme decisions that are made, again making risk, innovation and that which is un-chartered difficult to find support for.

*September 2010*
Written evidence submitted by Oxfordshire Theatre Company (arts 113)

1. I am writing on behalf of Oxfordshire Theatre Company in response to the Culture, Media and Sport Committee’s inquiry into The Funding of the Arts and Heritage.

2. This letter can be summarised as follows:

- The impact of recent cuts from the Vale of White Horse District Council in Oxfordshire has resulted in 60% fewer subsidised performances and an increase in charges to venues of 45%
- The impact of future cuts would be detrimental to the long-term future of theatre in rural communities and on the added benefits to the rural economy gained by the company’s visits
- The impact of future cuts would include less opportunities for artists to work in the field and for young people to gain skills and knowledge of leading arts practice and ultimately achieving employment
- The current climate offers an opportunity to consider collaborations and mergers with other arts organisations
- Local Authorities and Arts Council England need to liaise more closely so that organisations are not forced into achieving conflicting targets
- The redistribution of National Lottery funds will impact the arts positively
- Businesses and philanthropists are mainly attracted to large scale organisations who can offer more benefits than smaller organisations

3. Oxfordshire Theatre Company is a leading touring company supported by Arts Council England, Oxford City Council, Oxfordshire County Council, and three local District Councils in recognition of the high quality work produced and the communities it reaches. It is managed by a Board of Trustees and has a small permanent staff team of 5 (2 full time/3 part time).

4. It presents ‘Big Theatre in small spaces’ and is committed to performing live theatre to audiences in Oxfordshire and nationally who – collectively or individually – might not otherwise engage with the arts, including children, young people, adults and older people. Revenue funding represents 74% of its total income and for this the company delivers more than 120 performances, in more than 80 locations, to more than 10,000 people.

5. In 2010/11 the company received a cut in funding from the Vale of White Horse District Council, resulting in the loss of subsidy to rural venues, which enables them to present professional theatre to their local community. Such venues are run by volunteer promoters, who give their time and energy to promoting theatre and the arts, including to groups of people that are unable to travel to attend events in the towns and cities further afield. On being informed about the cut, promoters and local audiences lamented over yet another service being taken away from villages already suffering from the closure of pubs, shops and post offices. With more cuts anticipated from the remaining local authorities this could be the scene across the whole of the County. Although this year the company has been able to offer some performances (60% less than previous years) in the Vale district, this is not sustainable in the long-term and would not be sustainable across the County.

6. Relationships with local authorities ensure that Oxfordshire Theatre Company is part of the Arts Ecology in the region, giving the company the ability to leverage funding from other sources and to create long-term partnerships with other arts organisations, businesses and artists. Strong partnerships are vital to the lifeblood of the Company. Funding cuts put at risk the potential for exciting, innovative and collaborative projects and productions, which offer
audiences a unique arts experience. It is important that the Company maintains its reputation as a leading employer and one that artists and employees want to work with. An overall reduction in all areas of the Company's delivery seriously puts at risk the ability to sustain this. Funding cuts will mean staff spending more time fundraising rather than creating the art and could in turn affect contracts, which would become less attractive.

7. Oxfordshire Theatre Company’s work also impacts positively on the social and economic infrastructure in the County and beyond, employing an average of 40 artists each year who spend up to nine months consuming the best the communities have to offer including restaurants, pubs, B&B’s, supermarkets, high street shops and on cultural activities and travel. In addition more than £7000 is spent with local suppliers during production periods from timber merchants to hardware stores and specialist theatre suppliers to costume hire companies.

8. In 2009/10 17 young people aged 14 – 25 years benefited from training and skills development in professional arts practice to support future employment in the arts and in 2010/11 the company is piloting Theatre Futures, a work-based training programme offering up to six young people the opportunity to train in stage management and theatre production. A bursary and travel expenses are offered to enable young people from disadvantaged backgrounds to apply.

9. Oxfordshire Theatre Company is unique in what it delivers in the County and therefore duplication of effort is not a particular issue, however the company is in discussion with other local arts organisations about administrative and managerial resources that could be pooled to make economies of scale. It should be recognised however, that small organisations such as Oxfordshire Theatre Company are already working to incredibly tight budgets and are prudent in setting budgets that enable ambitious work to happen whilst not wasting public money.

10. Arts organisations will need to be even more creative in exploring collaborations and even mergers if the proposed cuts go ahead. The fear is that small organisations like Oxfordshire Theatre Company, who do not have a building base, will be easier for Government to cut as they can be less visible in the national arts arena. However, for the communities that the company works with it is a hugely valuable resource. It could be time for companies and buildings to merge perhaps and is definitely something that this company would consider.

11. The current funding structure often means that funders are placing opposing demands on organisations. Arts Council England should work much more closely with the Local Authorities that fund the organisations in their portfolio. This would create joined up objectives and targets so that public money can be spent as efficiently and effectively as possible.

12. The Company is in favour of the redistribution of Lottery funding, which will increase the arts share to 20% by 2012. Inevitably the knock-on effect of this will be the receipt of a higher number of applications. Oxfordshire Theatre Company sees this as a major source of funding in the future.

13. The reality of attracting funding from businesses and philanthropists is that most are attracted by high profile, large, building based arts organisations that appear to have many more benefits to offer and dedicated staff to nurture these relationships. Also, currently more than
60% of support is to London based organisations. Replacing up to 74% of revenue funding with alternative income would not happen quickly enough to keep the company going.

14. The bottom line for Oxfordshire Theatre Company is that the capacity to increase income from other sources is limited by the nature of its touring to small, mainly rural venues. Performances are offered on a fee basis, which is heavily subsidised (up to 70%) by current revenue funding. Increasing fees to volunteer promoters in rural communities is not feasible and would see the end of professional theatre touring to these places.

September 2010
Written evidence submitted by the Association of Independent Museums (AIM) (arts 114)

AIM (the Association of Independent Museums) is the national UK body connecting, supporting and representing independent museums.

Founded in 1977 in response to the growing number of community-based projects seeking to preserve locally and nationally-important heritage, AIM has grown to become a respected sector group, consulted on national policy and providing a thriving network for members.

Independent museums range from small local organisations, mainly operated by volunteers, to large institutions, many operating as charities, and represent over half the museum provision in the UK.

Summary

- As primarily voluntary organisations delivering social benefits within local communities, independent museums are well placed to deliver the aspirations of the ‘Big Society’. Some targeted public investment is needed to unlock and enhance this potential.
- AIM members have a range of different business models and therefore the degree to which they rely on public funds varies greatly. It is clear that some member museums will be adversely impacted upon by cuts in central and local government funding whilst others are much more closely reliant on consumer spending and the health of the tourism economy.
- We have concerns over the current inequity that exists in the use of public funds within museums and in particular the way that Renaissance funds have been limited to a hand-full of museums.
- AIM has many very small museums as members and we are particularly concerned over the threat posed by spending cuts on the structures that are currently in place at a local level to support them in benefiting communities.
- AIM would welcome the opportunity to play a greater role in this support following the abolition of the MLA.
- We welcome recent changes to the distribution of National Lottery whilst expressing a note of caution over the capacity of organisations to deliver large-scale capital projects at a time of pressure on core funds.
- The majority of our membership is made up of very small museums who would not have the capacity or opportunities to develop new partnerships with philanthropists or businesses. We do not really see this as a strong potential source of funding outside of London and the South East of England.
- AIM would welcome the opportunity to expand on any of these points or provide examples of good practice should the committee wish it.

What impact recent, and future, spending cuts from central and local Government will have on the arts and heritage at a national and local level;

AIM members, most of which are charities, have a range of different business models and therefore the degree to which they rely on public funds varies greatly.

Some members operate museums on behalf of, or funded by, local authorities and in many of these cases have seen successive cuts to the funding available over the last few years. Due to the nature of independent museums they do not carry excess overheads
or un-necessary costs meaning that sudden reductions in core funds could have a
catastrophic effect on some, potentially meaning closure.

Most independent museums make an admission charge to visit in order to cover the
costs of operation. For national and most local authority museum this cost has been
met by public subsidy putting our members at a major disadvantage in terms of
attracting visitors. Reduction in this subsidy meaning that admission charges are once
again passed on to visitors at all museums would therefore not seriously disadvantage
our members.

Whilst many independent museums are not directly part of Museum Hubs, any
reduction in funding to Renaissance would inevitably have an impact on our members.
In particular Renaissance funds have been used to support a network of Museum
Development Officers which have been invaluable in helping particularly smaller,
community-led museums to engage fully with social and professional agendas and
maximise their benefit to local people and the tourism economy. AIM has taken a lead
in helping this network to operate more coherently across the UK and is keen to work
with DCMS and local authorities to ensure that this valuable resource is not lost.

What arts organisations can do to work more closely together in order to
reduce duplication of effort and to make economies of scale;

As previously stated, independent museums, coming primarily from the voluntary sector,
have always been very conscious of keeping administration costs to a minimum. There
are certainly opportunities that exist in joint marketing initiatives between museums and
with other cultural organisations, an approach already happening between the Lightbox
in Surrey and the Woking Arts Centre.

We are also seeing examples of independent museum trusts taking on management of
local authority museums, most recently in Northumberland, with a view to making
economies of scale.

What level of public subsidy for the arts and heritage is necessary and
sustainable;

Many independent museums generate their own core funding from admission charging
but we recognise the need for public funding in a mixed economy of museum provision
across the UK.

Generally, we would see public funding as an investment rather than a subsidy,
enabling the benefits of independent museums to be delivered in areas such as skills
development, tackling worklessness through volunteering and creating positive activities
for young people.

Whether the current system, and structure, of funding distribution is the right
one

There seems very little fairness nor strategic planning with regard to the spread or levels
of public funding into museums. As already stated, many of our largest independent
museums eg Bristol’s SS Great Britain Trust receive no core public funding whereas
others are reliant on public funds for their survival. Similarly, in Renaissance there seems
little logic in the inequitable approach of significantly funding some museums within a
region whilst not funding others and seemingly no mechanism to bid for a share of the funding available.

We would favour a levelling of the playing field which funds museums based on their ability to deliver success rather than propping up failing institutions. We would also like to see museums rewarded for entrepreneurialism and delivering social impact.

There remain some imbalances in public funding between museums and with other parts of the cultural sector around the mix of local and national government investment. Many museums are reliant on local authority funding as their sole public funder with little or no access to other areas (unlike eg many arts organizations who receive funds from ACE and local authorities).

**What impact recent changes to the distribution of National Lottery funds will have on arts and heritage organisations;**

AIM welcomes the recent changes to the distribution of National Lottery Funds and believes that they will have a positive impact on the arts and heritage. However, the capacity of cultural organisations to develop and deliver new capital projects at a time of reducing core funds is a concern.

**Whether the policy guidelines for National Lottery funding need to be reviewed;**

Given the pressures on core funding it would make strong sense to re-look at the role of endowments as part of national lottery funding. We would also like to see more eligibility for covering the relevant core costs of an organisation delivering large scale projects.

**The impact of recent changes to DCMS arm’s-length bodies - in particular the abolition of the UK Film Council and the Museums, Libraries and Archives Council;**

AIM is concerned that the loss of a specific sector agency for museums could lead to a loss in the momentum that has doubtless been created in recent years in terms of unlocking the social and economic potential of museums within communities. We are particularly interested in the future of museums development as well as other MLA roles around accreditation, government indemnity and acceptance in lieu.

We would welcome the opportunity to discuss how AIM might be best placed to deliver some of MLA’s former roles, particularly museum development, in a new mixed economy of delivery.

We are aware of some discussions about Arts Council England taking a wider remit with regard to Museums and would hope for reassurance that the distinct nature and needs of museums are not lost in a more general cultural agency. We would however welcome a more consistent and equitable approach to funding within the cultural sector that such an agency might bring.

**Whether businesses and philanthropists can play a long-term role in funding arts at a national and local level;**
Whilst we can see that many of the (particularly London based) National Museums may be able to secure more funds in this way, AIM has serious concerns over the capacity of many of our smaller members to engage fully in this agenda. There would be a need for support to be put in place to enable them to learn the skills and make the contacts and, whilst AIM would be well placed to offer this support, even then we would worry that they would not be of sufficient scale to take any opportunities that might be available. Our larger members, along with National Museums, are already working in this area but our experience is that outside of London and the South East this is not really likely to have a major effect.

We do not believe that wealthy people or businesses would want to see their capital tied up in endowments by conservative charities who will make far less from the capital than they would themselves. We also think that such givers do not want to replace government funding (national or local) so asking them to give more to an organisation which is going through problems is unlikely to succeed.

We think that there may be some potential to exploit legacy-giving within the arts and heritage and would welcome more long term investment in this area which can take many years to repay investment.

**Whether there need to be more Government incentives to encourage private donations.**

Increased tax incentives focused on encouraging philanthropy in this area would be very welcome, particularly opt out rather than opt in gift aid, and bigger corporation and private individual tax breaks. Specific government initiatives to support the engagement of businesses with culture are also important.

We would also like to see consideration given to extending acceptance in lieu to gifts made whilst alive and the promotion of more giving through legacies via the tax system.

*September 2010*