



House of Commons
Culture, Media and Sport
Committee

**Work of Arts Council
England**

Third Report of Session 2014-15

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 28 October 2014*

The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Culture, Media and Sport and its associated public bodies.

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Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/cmscom. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some of the written evidence are available in a printed volume.

Additional written evidence is published on the internet only.

Committee staff

The current staff of the Committee are Elizabeth Flood (Clerk), Grahame Danby (Second Clerk), Kevin Candy (Inquiry Manager), Hannah Wentworth (Senior Committee Assistant), Keely Bishop (Committee Assistant) and Jessica Bridges-Palmer (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Culture, Media and Sport Committee, House of Commons, 14 Tothill Street, London SW1H 9NB. The telephone number for general enquiries is 020 7219 6188; the Committee's email address is cmscom@parliament.uk

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Summary

Arts Council England plays a vital role in safeguarding, consolidating and building the nation's cultural infrastructure and enhancing its quality of life. It supports a range of activities across the arts, museums and libraries. Support for the arts comes principally through the distribution of public money, either grant in aid from the tax payer or proceeds from National Lottery ticket sales.

Since 2010, the Arts Council has seen its grant in aid fall by a third, a situation that has prompted cuts in staff numbers and difficult decisions about where to target support. While it is essential to acknowledge the prevailing economic climate, we would be disappointed if the Arts Council saw any further fall in its grant in aid.

Arts Council England is also one of twelve distributors of National Lottery funding. Others include the Arts Council of Northern Ireland, Arts Council of Wales and Creative Scotland. Our inquiry has focused on Arts Council England in recognition of the devolved nature of cultural policy.

London has long received a disproportionate share of arts funding, something which even the Arts Council acknowledges. To a limited extent this reflects London's position as the capital city and a world cultural centre. However, there remains a clear funding imbalance in favour of London at the expense of tax payers and lottery players in other parts of the country. The Arts Council is well-placed to restore some balance. It must do so with greater urgency if it is to realise its declared ambition to engineer the provision of great art and culture for everyone.

One way of redistributing public funding for the arts has been suggested by Peter Stark, Christopher Gordon and David Powell in their report, *Rebalancing our Cultural Capital*. Published in October 2013, this carefully researched and thoughtful study suggested limiting London's access to National Lottery funding for the arts to its proper per capita share – equal to that of the rest of England. Given that London would retain its advantage in Arts Council grant in aid, not to mention the direct funds its national institutions receive from the Department for Culture, Media and Sport, this seems a modest proposal that would not threaten London's world status as a cultural centre. The authors have sensibly argued that this long overdue re-allocation of public money could be phased in. A fairer redistribution of funding could be accelerated in the event of any future increase in Arts Council grant in aid, which we suggest should be earmarked for the English regions, beyond the M25 area.

Local authorities are major funders of the arts, though this source of support is also under great pressure. In straitened economic times, other sources of funding such as philanthropy become more difficult to secure – especially outside London. The Arts Council needs to redouble its already significant efforts at brokering cultural partnerships involving businesses, local authorities, local enterprise partnerships, universities and international organisations, particularly within the EU, which might provide additional

funding sources. The Arts Council should also take a far more robust stance than it already does with local authorities, such as Westminster, who show little inclination to support the arts. There is little point in pumping public money into areas that do not particularly want or need it, or do little themselves to support the arts. It should go without saying that the Government Minister with responsibility for the arts should use his position to champion the arts at every opportunity, not least by having conversations with local authorities. We were staggered to learn that such conversations are not commonplace, if they take place at all.

Aside from the unfair geographical distribution of arts funding, there is much to praise in the hard work and dedication of the staff of the Arts Council. It takes measured risks to develop the arts and is showing clear signs of improving the transparency of its decision-making. More needs to be done here, though, to explain the criteria on which it apportions funds to different art forms. The Arts Council is rightly seeking to ensure that the national cultural institutions in London perform a genuinely national role. In general, we believe that all National Portfolio Organisations and Major Partner Museums – which receive relatively secure Arts Council funding – should seek to extend their reach further wherever they might be based. This includes: touring productions and exhibitions (though we recognise that that is expensive); using new media more creatively to widen access (including making whole collections accessible electronically) and developing initiatives such as the showing at cinemas of performances of plays and operas. It also includes proactively putting the expertise available to NPOs and MPMs at the service of smaller local organisations.

The Arts Council is also distributing funds for music education hubs throughout the country; this is most welcome and serves to underline the need to nurture the creative talent of children who, one day, will be the artists and creative entrepreneurs who enrich every aspect of our lives.

1 Introduction

1. The creative industries contribute £70 billion every year to the UK economy, about £8 million every hour.¹ All of these industries, from advertising to the visual arts, rely on the talent of individuals who, in the UK, benefit from a vibrant mixed economy where the private and public sectors play complementary and mutually reinforcing roles. Arts Council England (ACE) supports a range of activities across the arts, museums and libraries—from theatre to digital art, reading to dance, music to literature, and crafts to collections. They have stated that, between 2011 and 2015, they will have invested £1.4 billion of public money from government and an estimated £1 billion from the National Lottery to help foster the arts “for as many people as possible across the country”.² In 2010, Arts Council England published *Achieving great art for everyone*, a 10-year strategic framework for the arts. In 2013, the 10-year strategic framework was refreshed to *Great art and culture for everyone*, a reflection of the Arts Council’s newly expanded remit to include the development of museums and libraries.

2. In 1984, the then Arts Council of Great Britain published a strategy for a decade with the title *The Glory of the Garden*. This referred to “the imbalance in arts provision between London and the regions”, adding that “the Council considers it inequitable that London, which holds about one-fifth of the population in England, should attract about half the Council’s spending.” It went on: “To allocate subsidies on the basis of population alone would ignore the special role which any capital city necessarily plays in a country’s artistic life. Nevertheless, the Council’s grant in aid is provided by taxpayers throughout the country and those taxpayers who live outside London have a legitimate claim to a fairer proportion of the Council’s funds.” Thirty years on, these arguments remain recognisable though proceeds from the National Lottery now provide an alternative—and welcome—source of support for the arts.

3. Debate over the geographical distribution of Arts Council funding was reignited by the publication, in October 2013, of *Rebalancing Our Cultural Capital*. This report was produced—independently and at their own expense—by the cultural policy professionals Peter Stark, Christopher Gordon and David Powell.³ Their research focuses on the extent of what they term a bias towards London in public funding of the arts provided by taxpayers and National Lottery players throughout England; a bias towards London that has continued “despite admonitions of House of Commons Select Committees” and others. They subsequently reinforced their findings in a further report, focusing particularly on the Arts Council’s role as a distributor of National Lottery proceeds. *The PLACE Report: Policy for the Lottery, the Arts and Community in England* was published on 25 April 2014. As we were finalising our report, the authors published a study of Arts

1 <https://www.gov.uk/government/news/creative-industries-worth-8million-an-hour-to-uk-economy>

2 <http://www.artscouncil.org.uk/who-we-are/>

3 <http://www.therocreport.co.uk/authors.php>

Council England's National Investment Plans 2015-18. This study, *Hard Facts to Swallow* (10 October 2014), is sure to ignite further debate.⁴

4. Given the cultural, social and economic importance of the arts to the whole country, and given the Arts Council's central role in their promotion, we decided that an inquiry was long overdue. On 10 January, the Committee launched a general investigation into the work of Arts Council England, covering the following areas:

- its scope, scale and remit
- the economic and artistic criteria that underpin funding decisions
- whether the geographical distribution of funding is fair and the justification for the current weighting of this towards London.

Confining the inquiry to England recognises the devolution of responsibilities for arts embodied by the following analogous organisations: Arts Council Northern Ireland, Creative Scotland and Arts Council Wales.

5. During the course of our inquiry we held oral evidence sessions with the following: Dame Liz Forgan, former Chair, Arts Council England; Peter Stark, Christopher Gordon and David Powell, authors of *Rebalancing our Cultural Capital*; Munira Mirza, Deputy Mayor of London for Education and Culture; Councillor David Budd and John Mowbray OBE, Co-chairs of the North East Culture Partnership; Sir Peter Bazalgette, Chair, Arts Council England, and Alan Davey, Chief Executive, Arts Council England; Mr Edward Vaizey MP, Parliamentary Under-Secretary of State for Culture, Communications and Creative Industries. In addition, we received 200 submissions of written evidence. Both the written and the oral evidence that we received are published on our website at <http://www.parliament.uk/business/committees/>. We are grateful to everyone who contributed evidence to our inquiry.

6. Our work has also been significantly informed by visits we undertook to Bradford and Liverpool. A visit to the National Media Museum, Bradford, on 10 March allowed us to see at first hand the impressive collections of international significance. Despite this, the museum faces challenges in respect of increasing visitor numbers and securing its long term financial viability. We visited Liverpool on 7 July and were particularly impressed by the role that arts and culture have played in the economic regeneration of the area—highlighted by Liverpool's status as a former European Capital of Culture. During the course of the day in Liverpool, we held meetings and toured exhibits and facilities at the Museum of Liverpool, Tate Liverpool, Everyman Theatre and Liverpool Biennial. We also held a useful meeting at the Municipal Buildings with the Mayor of Liverpool, Joe Anderson, and colleagues. We thank the many individuals who kindly hosted and briefed us during our visits to both cities.

4 <http://press.artscouncil.org.uk/Press-Releases/Arts-Council-England-responds-to-Hard-Facts-to-Swallow-8c1.aspx>

2 Scope, scale and remit

7. Before discussing the role of the Arts Council, it is worth being reminded of the reasons for public funding and support for the arts. These were put to us by the Arts Council Chair, Sir Peter Bazalgette, in what he termed a “holistic case” for public support of the arts: “It involves the intrinsic value of culture, the benefits to society, the symbiotic relationship with education and the economic benefits, but the intrinsic value of culture first. I would say in conclusion that I think the creative industries in general are going up the political agenda, because they are growing at more than the rate of the economy. We regard arts and culture as the incubation for the creative industries...”⁵

8. The role of the Arts Council is formally set out in Article 4 of the Royal Charter of “The Arts Council of England”(as amended in 2008 and 2011):

The objects of the Council shall be, for the public benefit, to:

(1) develop and improve the knowledge, understanding and practice of the arts;

(2) increase accessibility of the arts to the public in England; and

(3) advance the education of the public and to further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property; and

(4) advise and co-operate, where it is appropriate to do so, with the Departments of Our Government, Our Scottish Administration, the Northern Ireland Executive and the Welsh Ministers, local authorities, the Arts Councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects.

9. The Department for Culture, Media and Sport (DCMS) provided evidence that begins with an affirmation of the arm’s length principle that governs the relationship between the Government and the Arts Council. The Government is “convinced that it is right to have an arm’s length body whose responsibility it is to distribute public funding to the cultural sector independently of Ministerial and Civil Service interference.”⁶ At the same time, the Minister, Edward Vaizey MP, told us that he saw his roles as trying “to get an appropriate sum of money from the Treasury and then to set a strategic direction for the Arts Council.”⁷ This raises the question as to what the Government considers the strategic direction for the Arts Council ought to be. Apart from fleeting references to access to the arts and the arm’s length principle, the Government provides relatively little in the way of a

5 Q 165

6 DCMS ([WAC0138](#)), paras 1-2

7 Q 220

developed policy.⁸ During our visit to Liverpool our attention was drawn to the lack of a written cultural policy, setting a clear direction, for example in relation to museums. **A strategic direction for the Arts Council would best be set by a clear overall policy statement by the Government. We recommend that the Government produces and publishes a comprehensive arts policy.**

10. In 2010, Arts Council England itself launched a ten year strategy (updated in 2013), *Great Art and Culture for Everyone*, which has five stated goals:

- Excellence is thriving and celebrated in the arts, museums and libraries
- Everyone has the opportunity to experience and to be inspired by the arts, museums and libraries
- The arts, museums and libraries are resilient and environmentally sustainable
- The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled
- Every child and young person has the opportunity to experience the richness of the arts, museums and libraries

11. The Arts Council has five Area Councils for the North, Midlands, London, South East, and South West. There are nine offices throughout the country in Bristol, Brighton, Birmingham, Cambridge, Dewsbury, London, Nottingham, Manchester and Newcastle. The Arts Council states: “We are rooted in local expertise, enjoying close interaction with companies through our relationships managers, with Local Authority leaders on our Area Councils. Individual Areas have significant autonomy and agree their own strategies, plans and priorities within the framework of our national strategy. Areas approve the vast majority of NPO [National Portfolio Organisations] and MPM [Major Partner Museums] investment decisions (up to £800,000) as well as investment decisions such as those through Grants for the Arts from £15,000 to £100,000.”⁹

12. During 2012-15 the Arts Council has been investing in a total of 691¹⁰ National Portfolio Organisations and 16 Major Partner Museums across England. Several NPOs are sometimes referred to as “national organisations”. They are: Royal Opera House (London), Royal Shakespeare Company (Stratford upon Avon), Opera North (Leeds), English National Opera (London), Birmingham Royal Ballet, English National Ballet (London), Southbank Centre (London), Royal National Theatre (London), Welsh National Opera (Cardiff), and the Northern Ballet (Leeds). The Arts Council told us that all their NPOs and Major Partner Museums “play a national role, regardless of their art form or location.”¹¹

8 <https://www.gov.uk/government/policies/supporting-vibrant-and-sustainable-arts-and-culture>

9 Arts Council England ([WAC0151](#)), para 18

10 Arts Council England ([WAC0220](#)), para 21

11 Arts Council England ([WAC0220](#)), paras 21-23

13. On 1 October 2011, Arts Council England had taken on responsibility for supporting and developing museums as part of the functions inherited from the Museums, Libraries and Archives Council (MLA). As part of these new functions, ACE announced, in early 2012, 16 Major Partner Museums. These museums,¹² only two of which are in London, will have received £62 million of ACE's grant in aid funding for museums between 2012 and 2015. A new open grants fund for museums, other than nationals (funded by DCMS) and Major Partner Museums, will be available from 2015. The Arts Council is not responsible for providing or funding library services, though it has a "significant role in supporting and developing the libraries sector."¹³

14. The Museums Association notes that the Arts Council took on responsibility for regional museums when the Government closed the Museums, Libraries and Archives Council. It acknowledges that the Arts Council "has worked hard to engage with museums and understand them." However, the Association considers that the Arts Council's "five goals" (as given in *Great Art and Culture for Everyone*) are not always a good fit for museums, focusing as they do on "the artist" and artistic "excellence".¹⁴ The Society of Chief Librarians raises a similar point in the context of libraries about the "great art" criteria attaching to Arts Council support: "But now that ACE has a development responsibility for public libraries generally (and not just their cultural programmes) perhaps there is scope to widen this criteria to support and strengthen the broader role of public libraries?"¹⁵ The Chief Executive of the Arts Council, Alan Davey, was more upbeat, drawing attention to the synergies that exist between culture, museums and libraries and noting the significant geographical reach provided by the latter.¹⁶

15. We welcome the involvement of the Arts Council in museums and libraries. Though this is modest in funding terms, museums and libraries provide important physical spaces that enable individual and collective cultural development in the widest sense. The Arts Council should remain alert to the important role museums and libraries have in promoting education across all disciplines.

16. In addition, the Arts Council, on behalf of the Department for Education, is investing (between August 2012 and March 2015)¹⁷ £171 million in the new network of 123 music education hubs across the country, as well as funding additional music education programmes.¹⁸ This comes at a time when increasing numbers of children are playing a

12 Beamish and Bowes Museum; Birmingham Museums Trust (Birmingham City Council; Thinktank); Bristol City Council; Cumbria Museums Consortium (Tullie House; Wordsworth Trust Lakeland, Arts Trust); Horniman Museum & Gardens; Ironbridge Gorge Museum Trust; Leeds Museums & Galleries; Manchester Partnership (Manchester City Galleries; Manchester Museum; Whitworth Art Gallery); Museum of London; Norfolk Museums & Archaeology Service; Royal Albert Memorial Museum, Exeter and Plymouth City Museum & Art Gallery; Royal Pavilion & Museums, Brighton & Hove; Tyne & Wear Archives & Museums; University of Cambridge Museums; Oxford University Museums and Oxfordshire County Museums Service; York Museums Trust.

13 Arts Council England ([WAC0151](#)), para 28

14 Museums Association ([WAC0163](#)), section 3

15 Society of Chief Librarians ([WAC0044](#)), para 6

16 Q 167

17 <http://www.artscouncil.org.uk/funding/apply-funding/funding-programmes/music-education-hubs/>

18 DCMS ([WAC0138](#)), para 12

wider variety of instruments, according to a recent survey by the Associated Board of the Royal Schools of Music (ABRSM).¹⁹ The Musicians' Union referred to a "completely unrealistic timeframe" contributing to it being "impossible for hubs to fulfil the aspirations of the National Music Plan." The Union added: "Although many music hubs are making great efforts to make the new system work, until all schools engage with them, musical opportunities for young people will continue to be a postcode lottery."²⁰ This illustrates a wider point made by the Chair of the Arts Council concerning the unequal approach to arts education found in many schools: "It seems to me that the 7% of pupils in this country who go to private schools get a brilliant education in the visual and performing arts and some state schools do exactly that, but not all. We are pleased that there are going to be new GCSEs in 2016, which the Arts Council has done a lot of work on, but our own belief is that it would help if the Ofsted inspection regime meant that if you were not giving good visual arts and performing art education in school, you could not be called excellent, so that would be our suggestion."²¹

17. We welcome the Arts Council's role in distributing funds for music education hubs, and agree with the Arts Council that schools cannot be considered excellent unless their pupils receive a thorough grounding in the arts.

19 <http://ab.abrsm.org/en/making-music/> September 2014

20 Musicians' Union ([WAC0046](#)), paras 15-15

21 Q 218

3 Funding for the arts

18. There are four primary sources of public sector funding for the arts (with the relevant sums given for England in 2011/12):

- Local Government (£439m)
- DCMS grant in aid (£493m)
- Arts Council England grant in aid (£393m)
- Arts Council England Lottery (£211m)

By 2012/13, direct funding from the DCMS had fallen to £447 million. In the same year, Arts Council England made grants totalling £322 million from funds provided by DCMS from Treasury sources. In 2012/13, Arts Council England committed £317 million in Lottery funding.²² These figures, from the original *Rebalancing our Cultural Capital* report, might best be described as indicative; for example, the Arts Council told us that their grant in aid spend was £440 million in 2012/13.²³ This figure is about £118 million more than that given in the *Rebalancing* report, a discrepancy due in part to the exclusion by the latter of funding for music hubs and museums.²⁴

19. Behind the bald figures given above lies the simple fact of falling public funding for the arts. Sir Peter Bazalgette referred to a 33% fall in the Arts Council’s grant in aid that has occurred since 2010. On top of this comes falling annual National Lottery income, due to declining lottery ticket sales.²⁵

20. Many submissions to our inquiry drew attention to the pressures on local authority funding. This clearly is an important factor to be taken into account, not least by the Arts Council. The Audience Agency responded to our call for evidence by observing: “Although the Inquiry is focusing on the work of Arts Council England, we ask it to consider carefully the current erosion—and in some cases 100% withdrawal—of local authority support for culture. This presents a potentially fatal threat to the regional cultural infrastructure—and ACE’s capacity to work to lobby against and address such swingeing cuts has been decimated.”²⁶

21. We were told that public funding for the arts is vital for a number of reasons: it can help widen access by subsidising tickets; it can allow creative risk-taking (with all the easy brickbats that can occasionally attract) that the private sector might shy away from. The Deputy Mayor of London for Education and Culture, Munira Mirza, said: “I do not think in my lifetime we will see a situation where there is no longer state subsidy for opera. It is

22 Peter Stark, Christopher Gordon and David Powell, *Rebalancing our Cultural Capital*, October 2013

23 Arts Council ([WAC0151](#))

24 Peter Stark, Christopher Gordon and David Powell, *Rebalancing our Cultural Capital*, October 2013 p 50

25 Q 202

26 Audience Agency ([WAC0089](#)), para 5.3

just inherently a very expensive art form, and I think we should be prepared, as a civilised society, to pay for expensive art forms that are really important, and also to subsidise tickets. The Royal Opera House would be a hell of a lot more expensive if there was no state subsidy, and I for one feel that people of all backgrounds should be able to pay to go to the opera and see the best. So I think state subsidy is inevitable to some extent. Gradually there may be less of it but, importantly, what state subsidy does for those organisations, large and small, is that it allows them to do things that are risky, that are innovative, that do not have to be immediately popular or immediately favoured by sponsors. That is what allows them to be so creative and so world class, because they have a degree of protection.”²⁷

22. The Department for Culture, Media and Sport directly sponsors, to the tune of £450 million,²⁸ 16 National Museums which provide free entry to their permanent collections.²⁹ A majority of these are based in London. Among the exceptions in which we took a particular interest is the Science Museum Group, which is headquartered in London but has a major presence in places in the North of England. Among these is the National Media Museum in Bradford, which we visited in March amid concerns over its future. The significance of the collections there earned Bradford international endorsement as the world’s first UNESCO City of Film. Unfortunately, the number of visitors to the Bradford museum has fallen: from 493,000 in 2012-13 to 479,000 in 2013-14.³⁰ It became clear during the course of our visit that even greater imagination is needed to restore visitor numbers, complemented by a long term commitment from the Science Museum Group to maintain the museum in Bradford and others in the Group. SMG should therefore send a clear signal that it is a national museum group and not merely a local London one. The Group’s most recent annual review does appear to acknowledge these concerns and makes reference to a “Masterplan to reconfigure the [Bradford] site as a more recognisable national museum.”³¹

23. We welcome the fact that there are very significant national museums based outside London. It is most important that this presence is consolidated and, where possible, built on. The Science Museum Group, for example, has an established and valuable presence not only in London, but also in Bradford, Manchester, Shildon (County Durham) and York.

24. A major destination for Arts Council support is the National Portfolio Funding Programme which was officially launched on 1 April 2012; this provided funding for a national portfolio of 696³² organisations (a number that has since fallen slightly to 687³³). Created through an “open-access process”,³⁴ it replaced the Arts Council’s regular funding

27 Q 109

28 Arts Council England ([WAC0151](#)), para 6

29 DCMS, *Sponsored Museums: Performance Indicators 2012/13*, Statistical Release, November 2013

30 Science Museum Group, *Big ambitions serious science*, Annual Review 2013-14, p 67

31 Science Museum Group, *Big ambitions serious science*, Annual Review 2013-14

32 Arts Council ([WAC0151](#)), para 21

33 Arts Council England, private communication, 16 October 2014

34 <http://www.artscouncil.org.uk/funding/apply-funding/funding-programmes/national-portfolio-funding-programme/>

programme, which ended on 31 March 2012. In their first written submission,³⁵ the Arts Council put the scale of this funding in the context of three strands of investment:

- 696 National Portfolio Organisations which will receive £1.048 billion between 2012 and 2015 (largely grant in aid); this portfolio is balanced using criteria such as geographical reach, diversity and range of art forms.
- Grants for the Arts—an investment of £192 million of National Lottery funding between 2012 and 2015; this includes small grants for individual artists and community groups.
- £573 million of strategic funds (largely lottery funding) between 2012 and 2015 to target specific challenges; these include: Creative People and Places (£37 million to increase participation in areas of low public involvement); Strategic touring programme (£45 million); Capital funding programme (£219 million, much of it outside London); Catalyst (£100 million to help organisations diversify income streams and access private funding); Digital work, including The Space; the Creative employment programme (£15 million to provide opportunities for young unemployed people).

25. The Arts Council's 16 Major Partner Museums, only two of which are in London, will have received £62 million of ACE's grant in aid funding for museums between 2012 and 2015. A new open grants fund for museums, other than nationals and MPMs, will be available from 2015. The latter was announced on 1 July 2014, when the Arts Council gave details of the investment in arts and culture across England over the period 2015-18.³⁶ This sees the number of Major Partner Museums increased from 16 to 21. The total number of National Portfolio Organisations will fall to 670 though this will still see an investment of around the £1 billion mark from 1 April 2015 to 31 March 2018. On the new strategic funding programmes, the Arts Council refers to a number of planned programmes for 2015-18, with a total investment of £104 million per year. Finally, the level of funding allocated to Grants for the Arts will see a relatively small increase, coming to £210 million over 2015-18.

26. We welcome the Arts Council's decision to increase the budget to Grants for the Arts. We hope this will fund emerging talent throughout the country, not just in areas traditionally well provided for.

27. National Portfolio Organisations and Major Partner Museums have particular responsibilities given their relatively high profile and the relative security of the public funding to which they have access. The Major Partner Museums receive between £500,000 and £2 million each, totalling approximately £21 million per year. The funding is aimed at supporting them to be even more ambitious and contribute to museum leadership across the country.³⁷ With particular reference to NPOs based in London, Sir Peter Bazalgette told

35 Arts Council ([WAC0151](#))

36 <http://www.artscouncil.org.uk/funding/our-investment-2015-18/>

37 <http://www.artscouncil.org.uk/what-we-do/supporting-museums/>

us: “one more thing to say about London is that with its relatively favoured funding position comes responsibility, and we must make sure that all the national institutions in London perform a genuinely national role. They are doing so more and more and we will hold them to that in the new NPO settlements.”³⁸ The new Theatre Tax Relief should do much to encourage touring productions in particular, since a higher rate of relief—25%—applies to these. Plays, musicals, opera, ballet, dance and circus productions which do not tour will still be able to claim tax relief at a rate of 20%.³⁹ Munira Mirza told us that she thought this new tax relief could be a “complete game changer”.⁴⁰

28. We welcome the assurance from the Chair of the Arts Council that the national institutions in London will be required to perform a “genuinely national role” as part of their new NPO settlements. In general, we believe that any National Portfolio Organisation or Major Partner Museum should seek to extend further its reach wherever it might be based. This includes: touring productions and exhibitions (though we recognise that that is expensive); using new media more creatively to widen access (including making whole collections accessible electronically) and developing initiatives such as the showing at cinemas of performances of plays and operas. It also includes pro-actively putting the expertise available to NPOs and MPMs at the service of smaller local organisations.

Partnerships

29. Private sector funding for the arts comes from individual philanthropists, business sponsorship and support from trusts and foundations. In 2011/12, private giving came to £660 million overall, of which 82% went to London-based organisations.⁴¹ Even here, the Arts Council has been able to exert some influence, not least through its Catalyst programme, a £7 million capacity-building scheme for consortia of organisations with limited or no fundraising experience.⁴² The Arts Council told us that 218 smaller organisations, mostly outside London, have been awarded grants of £60,000 to £120,000 to build fundraising expertise through this programme. This comes in recognition that it is large London-based organisations that find it easier to attract donors and sponsors.⁴³ The Minister, Edward Vaizey MP referred to the introduction of the Catalyst programme,⁴⁴ but was also forthright in his views about the scope for increased philanthropic giving:

I think that too many arts organisations think, “We live in an area where rich people do not live, so they are not going to back the arts.” That is pathetic, frankly. For a start, philanthropy does not mean a cheque for £5 million; it

38 Q 211

39 “How will theatre tax relief work?”, *The Stage*, 19 March 2014; “Tax relief encouraging regional theatre touring productions launched by Chancellor”, HM Treasury News Release, 29 August 2014

40 Q 117

41 Peter Stark, Christopher Gordon and David Powell, *Rebalancing our Cultural Capital*, October 2013

42 Applications for Catalyst funding are now closed: <http://www.artscouncil.org.uk/funding/apply-funding/funding-programmes/catalyst-arts/>

43 Arts Council England ([WAC0220](#)), paras 42-43

44 Q 236

can mean a cheque for £5, it can be a cheque for £500. It does not have to be a £5 million cheque. Secondly, I think too many arts organisations think the conversation with the donor ends with the cheque. In my view, the conversation with the donor begins with the cheque. Too many arts organisations see a donor as a Cashpoint machine, not as an ally. You should not be frightened of a private donor, somebody who is prepared to spend their own money supporting an organisation.⁴⁵

30. John Mowbray of the North East Culture Partnership told us that, in his region, the businesses that can support the arts have reduced significantly: “the big giving that we used to have many years ago has gone completely.”⁴⁶ It is also the case that private support for the arts is often contingent on the commitment, either continued or new, of public funds.⁴⁷ In the context of philanthropic giving, Dame Liz Forgan told us that it is “absolutely inescapable that raising money even in a very prosperous place like Bristol compared with raising money in London is a hugely much more difficult job.”⁴⁸ Ingenious noted the “reincarnation of public subscription in the modern guise of crowd-funding” and went on: “Nonetheless the broad features of what Arts & Business (A&B) calls the arts ‘tripod’ economy have remained much the same. Money comes first from national and local public funding (approximately 41% in 2011-12), second from earned commercial income (approximately 37%), and third from business sponsorship, trusts and foundations and other private sources (approximately 22%). This third category may for convenience be collectively wrapped up as ‘private investment’.”⁴⁹

31. While there is surely scope for any arts organisation to raise more money through philanthropy, £5 cheques—even lots of them—will only go so far. Any constraints attached to public funding both for the arts in general and for specific projects ought to be informed by a realistic, quantitative assessment of the scope for philanthropic giving and self-help.

32. The Arts Council has clearly adopted a significant role in encouraging philanthropic giving; it also seeks to encourage wider partnerships involving the public sector too. Sir Peter Bazalgette recalled how, in the first speech he gave as Chair of the Arts Council, he had called for a grand partnership: “What had impressed me in my early visits as Chair of the Arts Council to places like Bristol and Liverpool and Manchester, is you had a partnership between the local authority, the Arts Council, higher education, local business ... Then you add into that mix also the LEP, the Local Economic Partnership.”⁵⁰ He went on to tell us that a lot more could be done to encourage such partnerships. Councillor David Budd of the North East Culture Partnership suggested to us that there was more scope for different potential sources of funding to be better coordinated, including

45 Q 235

46 Q 153

47 Yorkshire Festival 2014 ([WAC0122](#)), para 7

48 Q 6

49 Ingenious ([WAC0146](#)), para 2.5

50 Q 180

different National Lottery distributors.⁵¹ **The Arts Council should redouble its efforts at brokering cultural partnerships involving businesses, local authorities, local enterprise partnerships, universities and international organisations, particularly within the EU, which might provide additional funding sources.**

Responding to reduced funding

33. One response by the Arts Council to greater constraints on public funding has been to shift the balance between grant in aid and arts lottery funding, notably for National Portfolio Organisations. This has led to questions as to whether the additionality principle guiding the allocation of National Lottery funding is being properly adhered to. Creative Guild told us: “The decision by Arts Council England to use lottery money to support core arts funding in 2015 instead of using it as an additional source of funding, as stipulated in the 1992 White Paper that set up the National Lottery, breaches the additionality principle on which the Lottery was founded.”⁵² A concern is that this will benefit NPOs to the detriment of non-NPOs that depend on Lottery funding for their arts projects. Peter Stark noted that: “We are now saying, with Liz Forgan, that the lottery is different, right? It was meant to be for new and additional activity and it was initially during the lottery capital funding period—when the Arts Council had not been funding capital for some time—it was clearly solely for, that ‘new and additional’ purpose. It has drifted to the point where people are now talking about some national portfolio organisations being funded wholly from lottery funding, and that has to be straight substitution.”⁵³

34. In their July 2014 announcement on their investment approach for 2015-18, the Arts Council stated that £69.6 million each year of Lottery money will go into the national portfolio, “to be invested in touring and work with children and young people.”⁵⁴ Giving oral evidence in June, Alan Davey told us:

I am very conscious of the need to maintain the principle of additionality—that the money is used in a distinct and complementary way. We are using it in a defined way with the national portfolio for bridge organisations that link schools to arts organisations, for national music organisations that offer talented young people the chance to show their talent and develop, and touring organisations—organisations 51% or more of whose activity is touring—who benefit the whole country, so we have defined it in that way.

It is a pragmatic approach. I think if we did not do this, we would have a smaller number of NPOs and the landscape would look very different.⁵⁵

35. National Portfolio Organisations that receive Arts Lottery funds should demonstrate how they put this to use in ways that satisfy the additionality principle;

51 Q 154

52 Creative Guild – The Association of Creative Professionals ([WAC0048](#)), para 1

53 Q 73

54 <http://www.artscouncil.org.uk/funding/our-investment-2015-18/national-portfolio/new-portfolio/>

55 Q 172

examples could include, but need not be restricted to, wider community engagement and new touring activities. The principle of additionality should be adhered to both in spirit and in practice.

36. What is beyond question is that the Arts Council has had to juggle significantly reduced resources. This has inevitably led to difficult decisions being made in respect of funding both generally and in relation to specific projects and organisations. These considerations were very much to the fore when Sir Peter Bazalgette came to the Arts Council as its new chair. He told us of a “couple of very pressing issues” that concerned him on his arrival:

One was that the Arts Council had had its grant in aid, its taxpayer money, cut by around a third, and it had reduced or was about to reduce its manpower down from 540-odd to 420 people and reorganise itself, so I wanted to make sure the Arts Council was fit for its purpose going forward into the NPO round. I think we have come through very well.

The other most pressing immediate concern was funding. There was a Comprehensive Spending Review and we had to negotiate with the Treasury and DCMS the best settlement we could for the arts.⁵⁶

37. The Minister, Edward Vaizey MP, described the Arts Council as being now “a much slimmer organisation.”⁵⁷ He also told us that both he and the Secretary of State would put a very strong case to keep any future cuts to the DCMS budget, “if they are to come”, to a minimum,⁵⁸ adding that he was “from the school that will argue for as much money as possible for culture”.⁵⁹ **Given the scale of the reduction in grant in aid that the Arts Council has absorbed, we welcome the Minister’s assurance that he will seek to protect future funding. While it is essential to acknowledge the prevailing financial climate, we would be disappointed if the Arts Council saw any further fall in its grant in aid.**

56 Q 165

57 Q 222

58 Q 224

59 Q 238

4 Criteria for funding decisions

38. In determining where to allocate funds, the Arts Council takes into account the five goals set out in *Great art and culture for everyone*. As noted above,⁶⁰ the first two of these cover excellence and engagement. The fifth goal has a focus on engaging children, while the remaining two cover matters such as resilience and workforce skills and diversity. The Arts Council expands on the criteria underlying its funding decisions in its main submission to our inquiry. For example, in relation to National Portfolio Organisations, the Arts Council notes:

The portfolio is balanced using criteria such as the geographical reach, diversity, the range of art forms; the mix of large and small organisations, and the level of financial risk across the portfolio. In the forthcoming investment round all NPOs will be expected to meet Goals 1 and 2 on excellence and widening access, and the majority to meet Goal 5, that every child should have the opportunity to experience arts and culture.⁶¹

39. The evidence from the Arts Council also states: “The Arts Council funds high quality applications that reflect ambition and excellence. Our application processes are transparent and open, and the demand for investment exceeds our means.”⁶² While a transparent and open application process does not necessarily imply a fair and impartial one, we do not envy the Arts Council in the decisions it is obliged to make. The sheer variety of work and range of art forms is limited only by the human imagination. A good illustration of the diversity in the visual arts alone was provided by the Liverpool Biennial, which we had the pleasure to visit briefly. The exhibits there all captured moments of creative inspiration, the practical realisation of which inevitably involved varying degrees of technical skill.

40. There will naturally be a substantial element of subjectivity in determining what constitutes excellence in art. The former Chair of the Arts Council, Dame Liz Forgan, gave us an idea of the competing demands made of Arts Council decision-makers:

The Arts Council’s strategy needs to take account of a number of things. I would start with artistic merit, but I certainly would not end there. Artistic excellence—that word “excellence” has a very broad meaning in my book—is the first driver, but then I think you have to take account of the effect on people in communities, of a cultural presence in their lives, and you have to have regard to that. You have to be aware of the economic engine that culture is, although if you plan your cultural decisions with economic considerations driving them, you will make the wrong decisions. It is a consequence of good cultural decisions that you get economic growth, I believe. If you do it the other way around, you are in trouble.⁶³

60 Para 10

61 Arts Council England ([WAC0151](#)), para 22

62 Arts Council England ([WAC0151](#)), para 9

63 Q 2

41. A legitimate question arises as to just how “balanced” is the distribution of Arts Council funds among different genres. The relative funding made available to opera and brass bands provides a helpful example that came up during our oral evidence sessions. More than one witness pointed out that opera is an intrinsically expensive art form, a well-rehearsed point long made and widely acknowledged. Public subsidy undoubtedly helps widen access to this undeniably important art form. The Royal Opera House told us: “Each year sees approximately 675,000 attendances of more than 415 performances at our home theatre. Ticket prices for our theatre performances start at just £3, with almost half under £50 (offering excellent value for money in comparison with other leisure activities such as West End theatre or sporting events), and we provide 20,000 low-priced tickets each year through audience initiatives for schools, families, students and isolated older people.”⁶⁴ All the same, over the five year period 2010-2015, the Arts Council has allocated £347 million to opera and only £1.8 million to brass bands.⁶⁵

42. It is not easy to understand why the Arts Council should apportion almost 200 times more funding to opera than it does to brass bands, even allowing for the fact that these two musical genres will not always be competing for finance from the same pot. We note the words of Alan Davey: “Our position is that we would welcome more applications from brass bands and that is why we fund the Brass Bands Federation to work with brass bands who perhaps do not have that strong an infrastructure to be able to apply to us in the right way in the past. I want that in the future to improve so that we can fund more brass bands. If you can help us get more brass bands applying to us, I would be very, very grateful and very happy for that.”⁶⁶

43. While brass bands and opera provide a very particular example, they nonetheless prompt questions as to the transparency of decision-making by the Arts Council. The Arts Council is not in the habit of publicising the details of unsuccessful applicants for funding; this is entirely understandable on the grounds of avoiding difficulties for those same individuals and organisations hoping to secure funds from other sources.⁶⁷ That should not preclude the publication by the Arts Council of more information than it already does to help explain how and why it allocates public money. **The Arts Council should do more to explain the criteria on which it apportions funds to different art forms. It should provide detailed information both on the absolute and relative number of applications received and rejected, and the funds requested, broken down by general genre and geographical area.**

44. People can feel aggrieved when their applications for Arts Council funding are unsuccessful. Sometimes this is just a matter of having to make difficult decisions when available funding is falling. Dame Liz Forgan provided some context when she told us: “I think cutting arts budgets is a real mistake. It is comparatively small amounts of money. It does a great deal of damage, not just to the artistic merit of the case but to the economic

64 Royal Opera House ([WAC0073](#)), para 1.4

65 HC Deb 4 March 2014 c 777W

66 Q 194

67 Q 217

and social life of communities. A small investment in culture pays off so handsomely that it makes no sense whatever to cut it. However, people have to make difficult decisions.”⁶⁸ We have certainly been made aware of a number of individual decisions which, with the information and background available to us, can be difficult to understand. Alan Davey argued that improvements had been made to the decision-making process and post-decision accountability:

Six years ago, we had a body of organisations that we funded regularly, called regularly funded organisations. There was no application process; there were no criteria under which they were given money. Every few years the Arts Council simply announced budgets for them and occasionally there were new ones admitted. It was not quite clear in the investment process that happened at the time that I arrived why some had been admitted; some organisations did not even know it themselves. So that is why we introduced in 2010 an application procedure. It was also partly driven by the fact that we had been cut by 30% and so we needed to make difficult decisions, and setting out criteria under which we would be holding people to account and deciding whether they will get funding or not seemed to us a good way of doing that.

Then we hold them to account through our funding agreements that we negotiate after we have offered them a sum of money; we have yearly assessments and then during that time we also have artistic assessments, so we are looking at the artistic value, and we are getting better and better at getting meaningful figures back from them and being able to use it in that relationship and use it to look at what we are doing overall. But there is a long way to go, I think. We need to look at quality much more and the engagement of audiences much better.⁶⁹

45. It is possible to appeal against decisions made by the Arts Council; Alan Davey told us: “We have an appeal process and we have an independent appeal adjudicator that is shared with other lottery distributors, but we use it for our grant in aid decisions as well, and they can appeal against the process of the decision-making. We had about eight at the end of the last NPO process. One went to judicial review and was rejected.”⁷⁰ Even if unsuccessful applicants choose not to appeal against the “process” of the decision making, they would surely benefit from constructive feedback and advice on alternative sources of funding. The National Association of Writers in Education, for example, told us they felt “excommunicated” by the Arts Council with “no information” forthcoming from the national office.⁷¹

46. It goes without saying that the quality of funding decisions will depend on the quality and qualifications of those individuals making them. The Arts Council can draw on the

68 Q 5

69 Q 214

70 Q 185

71 National Association of Writers in Education ([WAC0137](#))

experience and knowledge of a variety of individuals. John Mowbray of the North East Culture Partnership said: “Someone has to define quality. The Arts Council is in a good position to do that.”⁷² That said, we heard arguments to the effect that regional bodies are better at determining the needs of local communities and at understanding the impact that targeted public funding could have.⁷³ Alan Davey acknowledged the importance of working with regional organisations, publicly committing to this: “we will work with the North-East Cultural Partnership, who are a great body and they are a body that we know well and they are a force in the land. I want us to help them feel that they are closer to decision making and that we are doing a good job for them, because they are important partners.”⁷⁴

47. On the make-up of the Arts Council’s area councils that take a lot of funding decisions, Alan Davey said: “They will be recruited from senior levels of local government, they might be of higher education, they will be from the arts world themselves or interested parties.”⁷⁵ **The involvement of local authorities is a welcome reflection of the desirability of providing some democratic input into decision-making. However, we believe there is more scope for involving local communities and businesses. Art and culture can and should be available to all, and engagement will be increased if individuals feel they have had some influence in a decision to fund a particular activity or organisation.**

72 Q 139

73 Qq 155, 158

74 Q 184

75 Q188

5 Geographical distribution of funding

Rebalancing our Cultural Capital

48. From London to Liverpool, from Bristol to Birmingham, great culture naturally centres around great cities. London is a spectacularly successful example. Sir Peter Bazalgette told us: “London is arguably the world’s capital of arts and culture. I defy you, even if you go out in the evening in New York or Paris or Rome or Sydney, to find even a third as many arts events going on. It is quite extraordinary, the richness of London, the product of lottery spending and the product of years of increasing arts expenditure by Governments until 2010. Nobody is getting too much. That is something we must preserve, but there is an imbalance.”⁷⁶

49. The Core Cities Cultural Officers’ Group, representing England’s eight largest city economies outside London, made well the point that a strong local cultural sector and asset base is “critical to the economic success of cities”.⁷⁷ The Group acknowledges the role that cities ought to play in the wider national arts infrastructure. When the author and broadcaster Lord Bragg observed that capital cities should “irrigate rather than drain”,⁷⁸ he might well have included other major cities too. Munira Mirza told us: “If we look at the arts sector as a national system, as one whole rather than lots of different parts, the benefits of the work that is produced in London and in Liverpool has a benefit far beyond those local boundaries.”⁷⁹ Councillor David Budd of the North East Culture Partnership acknowledged the existence of a very important “trickle-down effect” of funding from London to the regions. He added: “Yes, of course, we would prefer the funding to be slightly different than the way that it is, but again we are talking about balance, not enormous, rapid change, because that could potentially be quite disruptive. I think the balance is askew.”⁸⁰

50. The issue of the geographical distribution of funding has been studied carefully by the authors of *Rebalancing our Cultural Capital* (ROCC) published in October 2013. The authors, Peter Stark, Christopher Gordon and David Powell, start by giving some insights into their overarching vision in the report’s executive summary:

We share a vision of a richer cultural and artistic life that could obtain throughout the country—in diverse communities, in centres of cultural production and in a growing range of international relationships. Achieving this vision will require public arts funding (from taxpayers and National Lottery players) to be more equitably and intelligently invested across England than is the case.

76 Q 209

77 Core Cities Cultural Officers’ Group ([WAC0175](#)), para 4

78 Cited in Peter Stark, Christopher Gordon and David Powell, *Rebalancing our Cultural Capital*, October 2013

79 Q 122

80 Q 151

We celebrate that London must, and will, remain the nation's 'cultural capital'—one of the great creative centres of the world. It will continue to receive its 'unfair' share of public funding. We argue, however, that London and its major national cultural institutions must repay this investment by developing approaches that are designed to 'irrigate rather than drain'. We illustrate just how disproportionate London's share currently is. Some rebalancing of national resources is required.

51. The authors acknowledge a decentralising direction of travel signalled (if not implemented) in 1965 by Jennie Lee's white paper, *A policy for the arts: the first steps*. The additional resources for the arts made available, throughout the country, since 1995 by the National Lottery have helped establish a nationwide cultural infrastructure. However, there has been a consistent trend to favour London, and not just one exercised by the Arts Council. The DCMS directly funds 16 major national cultural organisations, a majority of which are based in London. In 2012/13 some 90% of the £450 million available was "of direct benefit to London."⁸¹ The *Rebalancing* report goes on: "Combining this direct DCMS expenditure with that of Arts Council England produces a benefit per head of population in the capital of £68.99 compared to £4.58 in the rest of England (6.6% of London levels)."⁸² Figures are also given for overall National Lottery funding for the arts since 1995: by 2 September 2013, Arts Council England had distributed almost £3.5 billion of these new funds across England, of which London received £1.35 billion (39.1%). This translates as £165.00 per head of population in London, compared to £46.77 per head in the rest of England. Throughout the report, London is defined as the area over which the Mayor of London and the London Assembly have jurisdiction (with a population of 8.2 million).

52. The report's authors argue that London also benefits disproportionately in terms of private sector funding: 82% of private sector funding for the arts (£660 million in 2011/12) was awarded to London-based organisations. "We observe that new public sector support to encourage philanthropic giving could exacerbate rather than ameliorate the situation with £18.5m (61%) of the first £30.5m of arts endowment funding under the Catalyst Programme going to London."⁸³

53. In the likely absence of additional funding for the arts, the ROCC authors put forward the following proposal:

We advocate the creation of a new National Investment Programme of £600m over the five years of a parliament, specifically charged with investment in new cultural production outside London.

We suggest that these funds could be achieved (without affecting the current planned levels of Treasury grant aid to any DCMS directly funded institution or ACE National Portfolio Organisation) by limiting London's access to Arts

81 Peter Stark, Christopher Gordon and David Powell, *Rebalancing our Cultural Capital*, October 2013 p 8

82 Ibid.

83 Peter Stark, Christopher Gordon and David Powell, *Rebalancing our Cultural Capital*, October 2013 p 11

Lottery funding for ‘new and additional activity’ to its proper per capita share (equal to that of the rest of England) over that period. London’s overall share of public funds for the arts would reduce from 65% in 2012/13 to 55% – still seven times the level of funding per head of population in the rest of England. We argue that such a change—a reduction of 12.5%—could be managed within the overall resources available to the capital.

54. For the regions outside London, the outcome would be an annual increase on current levels of allocation of about £120 million, or £600 million over the full life of a Parliament. Taking into account the accessibility of London-based institutions, the report’s authors suggest that the principal beneficiaries of this redistribution should be the Greater North, the Midlands and the South West (while acknowledging “border” issues and the positions of the margins of the south, south east and the east of England).

55. At least some of the figures cited in *Rebalancing our Cultural Capital* can be questioned. In relation to the £600 million “National Investment Programme” proposed in *Rebalancing our Cultural Capital*, Sir Peter Bazalgette told us: “I think the authors of the report themselves agree that they misunderstood the level of our lottery funding. They thought it was £350 million a year. It is currently running at about £240 million a year, so we do not have those funds to deploy.”⁸⁴

56. For its part, the DCMS told us that the Government “cautions against a simplistic distribution per head of population”. One consequence could be to compromise the Arts Council’s discretion to create ‘clusters’ or concentrations of cultural excellence which serve a community beyond their immediate locality. The Government also states that “London’s role as a preeminent arts and cultural hub for the whole world must not be undermined.”⁸⁵

57. The New Vic Theatre in Staffordshire—the county’s only National Portfolio Organisation—provides a response to the *Rebalancing Our Cultural Capital* report that is typical of many we received in our call for evidence:

The Rebalancing Our Cultural Capital report identifies an imbalance that those of us working in regional arts have long sensed; but the scale of the imbalance is surprising nevertheless. As our capital city, the focus of a big tourist industry, a thriving business area and home to upwards of 8m people, a disproportionate investment in London is not unreasonable. However some degree of rebalancing would indeed benefit local economies, and would spread some of the other benefits that come with having a creative community.

[...]

If Rebalancing Our Cultural Capital report and subsequent discourse risks giving the impression that the industry lacks confidence in Arts Council, it’s not a view we share. This submission demonstrates how ACE has invested in

84 Q 200

85 DCMS ([WAC0138](#)) paras 31-32

creating a successful theatre in a place where it would otherwise be difficult to make theatre thrive. If some degree of rebalancing is a realistic ambition, this organisation has no doubt that the Arts Council is the best tool to apply to the job.⁸⁶

The PLACE report

58. The authors of *Rebalancing our cultural capital* published a further report, which covers similar ground to the evidence they submitted to us.⁸⁷ This sequel is entitled the *PLACE Report: Policy for the Lottery, the Arts and Community in England* (April 2014). *PLACE* draws a clear distinction between the purposes of tax-derived funding (Arts Council England's grant in aid) and National Lottery revenue distributed by ACE (the Arts Lottery). It takes as read the critical importance of the Arts Council's role in maintaining the nation's core, high-quality cultural infrastructure through grant in aid, but questions fundamentally the Arts Council's stewardship of the National Lottery funds, which are provided for different purposes and for far wider public benefit than its Treasury grant.

59. The PLACE report begins by observing that Policy Directions issued by the Secretary of State under the National Lottery etc. Act 1993 to Arts Council England (and all other Lottery distributors) in November 2007 state that:

Arts Council England shall take account of the following in distributing National Lottery Funds:

- the need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England
- the need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit
- the need to support volunteering and participation in the arts and community arts
- the need to involve the public and local communities in making policies, setting priorities and distributing money
- the desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed.

60. The report's authors argue: "The Arts Lottery has disproportionately benefited the most prosperous and 'arts engaged' communities in England, which are often also those contributing least to the Lottery. Some of the least arts-engaged and poorest communities, meanwhile, who are contributing most heavily to the 'arts good cause', receive the least return." Two contrasting examples are given:

86 New Vic Theatre ([WAC0050](#)), paras 4.1 and 5.1

87 Peter Stark, Christopher Gordon and David Powell ([WAC0157](#))

The local authority area with the highest net return to its Lottery players is the City of Westminster, whose population has contributed £14.5 million to the Arts Lottery since 1995, while it has received £408 million—a surplus of £393.5 million.

The local authority area with the poorest return is County Durham, where its Lottery players have contributed £34 million since 1995, while it has received £12 million—a net deficit (in effect a contribution to the surpluses of others) of £22 million.

The authors add: “Taking into account differences in the playing frequency of households and the capital city’s extended cultural catchment, London, the South East & East have a surplus from the Arts Lottery to date of £416 million funded by the net contributions of the North (£216 million), the Midlands (£140 million) and the South West (£60 million).”

61. The PLACE report notes that Lottery proceeds are increasingly being used to fund organisations and regular programmes of work that were previously funded through grant in aid. “Additionality, the guiding principle that Arts Lottery funds should be for ‘new and additional’ activity and not act as a substitute for grant in aid, has been eroded and could be lost under current plans.”

62. As well as additionality, covered in more detail above,⁸⁸ there is also the question of where in the country the Lottery proceeds originate. In both these ways, it could be argued, the National Lottery is fundamentally different to grant in aid. One question we considered was the extent to which Lottery players should expect to see, and benefit, from good causes within reach. Dame Liz Forgan told us: “I agree with you that slightly different considerations do apply to lottery money. The source of that money does matter. I don’t mean that everybody has to have the same teaspoonful, but I think it matters.”⁸⁹

Fairer funding

63. The current Chair of the Arts Council, Sir Peter Bazalgette, described the ROCC and PLACE reports as “extremely welcome” in that they drew attention to the imbalance of funding in favour of London. He said that the Arts Council was addressing “years of imbalance” carefully. He pointed to progress so far:

... historically lottery spend was divided 60:40, 60% outside London. It is now 70:30. We are beginning to address that; that trend should continue. In the division of grant in aid, taxpayers’ money, historically that was 51% to London two times ago when they did an NPO settlement, and 49% outside London. Last time, that was reversed to 49:51. That trend should continue this summer. Overall, in fact, grant in aid is now 60% outside London and

88 Paras 33-35

89 Q 14

40% in London because of the addition of music hubs and museums funding; we have been assisted by that.⁹⁰

64. The figures given by Sir Peter Bazalgette for current lottery spend are significantly at variance with those given in the ROCC report. The latter suggested that, in 2012/13, 45% of the Arts Lottery funding was awarded in London. The authors of the ROCC report have submitted supplementary evidence⁹¹ which sheds a little light on this apparent discrepancy: more recent data made available by the Arts Council includes a “national” category of lottery funds which is separated out from London and the regions. The effect of this is to reduce London’s overall share of lottery funds to 31.6% in 2012/13. We received evidence from the editor of the online magazine *ArtsProfessional*, which begins: “The analysis in Arts Council England’s submission to the Select Committee has been selectively constructed to present a case that undermines confidence in the findings of the ROCC report, which clearly demonstrates a geographic funding imbalance favouring London.”⁹² The editor of *ArtsProfessional* argues for greater transparency in the data which the Arts Council possesses. However, on any estimate, London receives a share of lottery funding (and grant in aid funding) that is out of all proportion to its population, an imbalance recognised by the Chair of the Arts Council on Arts Council figures.⁹³

65. We have heard strong arguments in a favour of a shift—a gradual shift—of arts funding from London to the regions.⁹⁴ One way of effecting such a shift would be to focus on establishing greater fairness in lottery funding, with other major funding streams broadly distributed as they currently are. One of the authors of the ROCC report, Peter Stark, summarised a proposal along these lines:

Our proposal, which relates only to lottery funding, would shift from purely within lottery funding, where I think there is roughly a three to one benefit to London as opposed to the rest of the country per capita, to one to one. When you apply that to the total sum of money that we are talking about, taxpayers and lottery payers, it is a reduction of—depending on how you calculate it—10%, 12.5% or 15% in the overall funds that will be available in London from the taxpayer and the lottery player. We have not said anything about it being introduced in the draconian one-year oomph. You could phase it in; there are all kinds of ways you could do it. We tried to illustrate how that proposal might work.⁹⁵

66. Munira Mirza counselled caution in the pace of any shift in regional arts funding: “The trend is that more lottery funding is going out to the rest of the country, and that has gone from a ratio of about 60:40 to the rest of the country to 70:30. So that trend has happened, and I think importantly it has happened in a gradual and sustainable way rather than just

90 Q 198

91 Peter Stark, Christopher Gordon and David Powell ([WAC0221](#)), section 2

92 *ArtsProfessional* ([WAC0217](#))

93 Q 178

94 Q 54

95 Q 75

assuming that you give back in an equal measure lottery funding to the arts on the basis of who has spent money on lottery tickets; you would end up with a really bizarre arts funding system I think. You have to fund where there is talent, growth, potential and it takes time to build up an arts infrastructure.”⁹⁶

67. We find merit in the recommendations in *Rebalancing our Cultural Capital* for bringing about a fairer allocation of support for the arts (see paragraphs 53 and 65 above). **A redistribution of funds along the lines suggested by the authors of *Rebalancing our Cultural Capital* would do much to redress the imbalance in funding to benefit England as a whole. We believe this could be achieved in a timely fashion without threatening London’s world status as a cultural centre.**

Local decision-making

68. Among the recommendations of the PLACE report is one that speaks to concerns voiced in evidence we heard from the North East Culture Partnership. Written evidence from the latter notes: “There has been a tendency for ACE to partner with national bodies. Such partnerships often fail to build in meaningful local knowledge. ACE’s ‘Area’ definitions count Berwick-upon-Tweed as in the same ‘Area’ as Knutsford. To use such ‘Areas’ to assess balance of investment across the country is clearly inappropriate.”⁹⁷ John Mowbray of the Partnership told us: “We also find that we are much further removed from the decision-making process. Although we have some very good staff in the Arts Council, for example, the decisions for the north-east are made sometimes in Manchester but primarily in London ... The understanding of what is happening regionally and where projects will have an impact is not there anymore”.⁹⁸ Alan Davey disputed this, pointing out to us that the Arts Council’s Northern Area Council counts among its membership “many senior local government members ... including the leader of Gateshead Council”.⁹⁹

69. In respect of the Arts Lottery, the PLACE authors propose that decision-making would be devolved to appropriate structures operating at regional or multi-authority level, with weighted allocations that recognised advantage and disadvantage in terms of geographical, economic and social factors.¹⁰⁰ However locally meaningful funding decisions are made, Sir Peter Bazalgette reminded us of competing priorities: “The trick there is to put the money where it is needed, but not to damage the arts infrastructure of arguably the world’s capital of arts and culture, so it is a balance, but we are working on it and we are tackling it.”¹⁰¹ The stated aim by the Chair of the Arts Council to tackle the funding imbalance in favour of

96 Q 100

97 North East Culture Partnership ([WAC0052](#)), para 16

98 Q 126

99 Q 184

100 Peter Stark, David Powell and Christopher Gordon, *The PLACE Report: Policy for the Lottery, the Arts and Community in England*, April 2014

101 Q 178

London is welcome. Sir Peter’s acknowledgment of the unfair situation contrasted with the Minister’s surprisingly point-blank refusal to recognise it.¹⁰²

70. We agree with the Chair of the Arts Council that the trend in shifting lottery funds outside London should continue. However, we believe the pace of change should be much faster than it has hitherto been. The Arts Council is well-placed to be the agent of this distribution—but only if it engages fully with elected local authorities and regional strategic organisations with the best local and regional knowledge.

Local authorities

71. With the exception of libraries, local authorities are not under a statutory duty to make adequate provision for arts and culture. The Local Government Association reminded us of a very good reason why they invest in culture: “Ultimately, councils are about people and places and culture—in all its ever-changing forms—is absolutely central to how people live their lives.”¹⁰³ The Association went on to provide some background on the scale of their support for the arts, and of their relationship with the Arts Council:

It follows that the relationship between councils and Arts Council (England) (ACE) is absolutely critical. Outside London, councils spend as much as ACE on cultural infrastructure and co-fund around 60 per cent of ACE’s 695 National Portfolio Organisations (NPOs).

We are very encouraged by our strategic relationship with ACE. We have a shared focus on supporting council-led improvement, innovation and strong political and professional leadership. We were also pleased that ACE agreed with us on the importance of the new Area Councils retaining strong membership from local government.¹⁰⁴

72. For its part, the Government recognises the “vital role” played by local authorities, the largest funders of arts and culture. The DCMS told us: “We make the case to local authorities of the value—economic, social and cultural—of arts and culture on their local areas.”¹⁰⁵ The Minister also told us that “local authorities that get culture, that understand its importance, thrive.”¹⁰⁶

73. The Trade Unions Equity and BECTU¹⁰⁷ have both argued in favour of introducing a statutory obligation on local authorities to fund the arts. Equity told us: “the combined effect of national and local authority cuts to the arts is affecting the English regions particularly hard. As local government is the biggest funder of the arts, the biggest pressure

102 Qq 243-248

103 Local Government Association ([WAC0149](#))

104 Local Government Association ([WAC0149](#))

105 Department for Culture, Media and Sport ([WAC0138](#)), para 13

106 Q 231

107 Broadcasting Entertainment Cinematograph and Theatre Union ([WAC0077](#))

on arts and culture in the regions has been caused by the withdrawal of arts funding by local authorities, which are having to make very considerable cuts to their budgets. As is emphasised in the Rebalancing Our Cultural Capital report, stable and empowered local government is a prerequisite for any sustainable approach to arts programmes across the country. This is why Equity is calling for a statutory duty on local authorities to fund the arts.”¹⁰⁸ The Minister told us he opposed this idea:

I have always resisted introducing that as a statutory obligation for a number of reasons. The first reason is obviously what I alluded to earlier, that this is a Government that wants local authorities to take more responsibility for their own destiny than be dictated to by Whitehall, and secondly, which I think is related to the first point, if you made culture a statutory responsibility, you would end getting a tick-box culture, “Do we have the arts centre, do we have the theatre? Are we fulfilling our statutory requirement and what does our statutory requirement mean?” Rather than where you have a successful cultural infrastructure, if I can use slightly bureaucratic language, you tend to get that because you have a local authority that is led, either politically or by officials who are passionate about culture.¹⁰⁹

74. The points made here by the Minister are well-taken. **We recommend that the Government emphasises to local authorities the advantages associated with an appropriate level of engagement with cultural policy and provision—including what funding opportunities ought to be developed. However, we stop short of recommending the introduction of statutory requirements of a kind that rightly applies to libraries.**

75. Like the Arts Council, local authorities have found it challenging to support the arts in straitened economic times. The Local Government Association provided us with the following recognition both of the long term economic importance of the arts and of the important interplay between them and the Arts Council:

The LGA’s year-long focus on the link between investment in the arts and economic growth paved the way for ACE and the Department for Culture, Media and Sport (DCMS) to secure the Treasury’s support and limit the reduction in arts funding to five per cent in the 2013 Spending Review, compared to an average seven per cent cut across DCMS. This was a good result for councils because, as so many organisations are co-funded with ACE, less pressure from the ACE side meant less knock-on pressure on councils.

The overall financial context for cultural services remains extremely challenging for local government and ACE. Between 2011/12 and 2014/15 local government’s core funding will fall by 40 per cent and, in the absence of

108 Equity ([WAC0054](#)), para 20

109 Q 232

radical public sector reform, more very difficult decisions will have to be taken about frontline cultural provision.¹¹⁰

While noting the key cultural investment made by London's boroughs, the Greater London Authority told us that at a time of considerable budget reductions in local authorities, much of this investment has come under pressure and cultural services have inevitably been affected. In 2013, all London boroughs decreased their culture budgets, leaving over 20% of the boroughs without a dedicated arts service.¹¹¹

76. The Arts Council said that several local authorities had already implemented severe cuts, including those committed to investment in culture in the recent past. It cited the 50% cut in Newcastle, and 100% reductions in Westminster and Somerset. "Others have warned of significant cuts to come as the final year of the spending round approaches. Birmingham have indicated reductions of 20% on grants to key arts organisations in the 2014/15."¹¹²

77. Sir Peter Bazalgette acknowledged the important role the Arts Council has to play in encouraging and informing local authorities of their obligations and interests in maintaining arts provision. He told us:

... the public money that we have to invest in arts and culture, we need to leverage with local authorities and we need to do it carefully, we need to sit down, as we do, and tell them, "We are partnering with you to fund arts and culture. Please, we know you are under pressure, we know you have to cut your budgets, we know that arts and culture, with the exception of libraries, is not a statutory responsibility, but please do not cut it beyond where you have to."¹¹³

78. Edward Vaizey MP, when asked if he thought there was a danger that some local authorities would just assume the Arts Council would step in to make good any funding shortfall, told us:

Yes, I think there is a danger of that and I think that is why the Arts Council must be robust. Sometimes there must be tough decisions where the Arts Council will say, "We are not prepared to fund this organisation if you are not prepared to come in as a partner with us."¹¹⁴

79. The Minister also said: "It is important that the Arts Council does stress to local authorities it is there as a partner, rather than a funder of last resort—somebody to bail out arts organisations that the local authorities are walking away from."¹¹⁵ When questioned on Westminster's withdrawal of arts funding, the Deputy Mayor of London for Education and Culture, Munira Mirza, said: "Westminster is an anomaly because it has so many national

110 Local Government Association ([WAC0149](#))

111 Greater London Authority ([WAC0218](#))

112 Arts Council ([WAC0151](#)), para 59

113 Q 204

114 Q 233

115 Q 231

institutions, so I think the Arts Council, understandably, has to continue that funding because the impact of those organisations is far beyond Westminster. These are organisations that tour. They produce elsewhere around the country.”¹¹⁶ We have no reason to question the credentials of the many recipients in Westminster of National Lottery grants distributed by the Arts Council—but by no stretch of the imagination can they all be considered national institutions; certainly no more so than similar recipients in other parts of the country.¹¹⁷ Sir Peter Bazalgette referred to the presence of genuinely national institutions in Westminster; however, he also said: “I deplore Westminster cutting its arts investment.”¹¹⁸ We share his view.

80. The Arts Council should take a far more robust stance than it already does with local authorities, such as Westminster, who show little inclination to support the arts. There is little point in pumping public money into areas that do not particularly want or need it, or do little themselves to support the arts.

81. Westminster City Council told us that they had indeed ended a commissioning programme for arts projects, though they retained one full-time “Cultural Partnerships Officer”. Apart from that, their commitment to culture seems to extend no further than the use of planning obligations requiring the provision of public art and a “hope” that some of the council’s ward budget programme would continue to be directed to arts and culture projects.¹¹⁹ Contrasting evidence was received from the Liverpool Arts Regeneration Consortium who told us:

In addition to a mature, strategic relationship with Arts Council, the Liverpool cultural sector is lucky to have a local Council that believes in the importance of a culture programme that drives inward investment, economic and social regeneration. Liverpool has therefore become an exemplar of how collaborative working between Arts Council, local government and arts and cultural institutions can maximise artistic, economic, social and international impact. This approach is aptly demonstrated by Liverpool Mayor, Joe Anderson, who in April 2013, publicly stated:

“Culture is not just for the middle class. People who think that need to think again—it’s the rocket fuel for our economy... Culture is vital, not just now in the times of austerity but also in Liverpool’s future.”¹²⁰

82. The Minister told us he had not challenged Westminster City Council on the level of its support for the arts,¹²¹ and indeed could not immediately recall having had a single conversation with any local council.¹²² We were staggered by this admission. **Local**

116 Q 86

117 <http://www.lottery.culture.gov.uk/AdvancedSearch.aspx>

118 Q 203

119 Westminster City Council ([WAC0222](#))

120 Liverpool Arts Regeneration Consortium ([WAC0071](#))

121 Q 249

122 Q 252

authorities rightly have responsibility for coming to their own decisions on what funding to provide to culture in their areas. That is no reason for the Minister, with his strategic oversight of arts policy, to shy away from challenging any in danger of acquiring the status of cultural pariahs. Any Arts Minister should use his or her position to champion the arts at every opportunity, including in dialogues with local authorities. Like the Chair of the Arts Council, we deplore the decision of Westminster to cut its arts investment, relying instead on funds from lottery players in less well-served parts of the country.

Quality first

83. In cities and in rural areas throughout England, examples of excellence in art abound. That much is clear from the many submissions we were fortunate enough to receive following our call for evidence. Many have argued that “excellence” should be the primary consideration when making funding decisions—though opinions naturally differ as to what constitutes excellence. Ingenious told us: “ACE does not distribute funds pro rata to population because it is an arts organisation, not an instrument of social distribution. If it had distributed funds on the explicit basis of addressing regional and local ‘imbalances’, capitationally [sic] defined, it would doubtless have been accused of social engineering, sacrificing excellence, sending out mixed messages and engaging in another confusing U turn.”¹²³

84. In its written evidence to us, the North East Culture Partnership said its main concern was that geographical distribution of funding flowed from centralized decision-making structures, which favoured national institutions and London-centric versions of excellence.¹²⁴ It also told us: “Traditional notions of ‘excellence’ sometimes tend to push more local or participatory versions to the margins.”¹²⁵ In the context of the Partnership’s 15-year vision, John Mowbray said: “We have used the expertise and experience we have to try to focus it, so not fragmenting it too far.”¹²⁶ Munira Mirza also alluded to wider considerations of excellence when she told us: “I think fundamentally arts subsidy should be about providing the best for the most and therefore arts organisations should try, they should show that they are trying to widen their audience and that they are using education to build an audience and to overcome some of the barriers that might exist.”¹²⁷ We agree with all these sentiments. **Public funds should be used to support cultural activities that demonstrably contribute to the highest standards of excellence in art, engagement of communities and sustainable economic growth.**

85. **It is important to avoid fragmenting funding to the extent that few benefit. Inevitably, regional centres of excellence will attract a larger share of funding.**

123 Ingenious ([WAC0146](#)) para 2.18

124 North East Culture Partnership ([WAC0052](#)), para 18

125 North East Culture Partnership ([WAC0052](#)), para 10

126 Q 146

127 Q 112

However, cultural hubs outside London ought to be getting a greater proportion than they currently are.

86. Of course, the Arts Council can only fund individuals, groups and organisations of which it is aware. There is a body of evidence to suggest that applications for grants are not forthcoming from some areas of the country. Blackpool was one such example.¹²⁸ Alan Davey acknowledged that the Arts Council knew of some parts of the country where it was not getting enough applications.¹²⁹ Edward Vaizey told us: “if you look at the percentage of applications that are made to the Arts Council for NPO status, broken down by region and the outcome in terms of the percentage, they are broadly similar ... there is broadly speaking a balance between people who apply and people who get rewards. Could we do more to encourage high-quality applications from arts organisations outside London? Yes, I certainly think we could do that.”¹³⁰ He also said: “It must be quality first, but there is nothing to stop the Arts Council being on the ground encouraging organisations to apply and investigating why high quality arts organisations may not be applying.”¹³¹ The Minister is right.

87. The Arts Council should be more proactive when it comes to encouraging high quality applications from around the country and establishing the underlying reasons for any current imbalance.

Recovery

88. The DCMS told us: “On coming to power, this Government took swift and decisive action to address the problem of the national deficit. DCMS has played a full part in those efforts and pays tribute to the Arts Council for doing so also.”¹³² The Minister was non-committal over the prospects of any increase in arts funding to follow from future economic growth:

I think the Chancellor has had to take some incredibly tough decisions across the board. You can cite numerous areas of public expenditure that have caused a great deal of controversy, because he has been determined to get the economy back on track and back on the straight and narrow and it will—I am passing off this question in one sense—be a decision for him as to what the kind of future envelope of public spending has to be, but if I can put it another way, do I think the current level of public spending on the arts is somehow a kind of poverty situation? No, I do not. I think that public spending on the arts remains pretty generous in this country. We always forget to talk about the increase in lottery funding that we brought in in 2010 by restoring the share of lottery funding that the arts can take. I think you

128 Blackpool Council ([WAC0183](#)), para 5.6

129 Q 207

130 Q 245

131 Q 254

132 Department for Culture, Media and Sport ([WAC0138](#)), para 3

only have to look around, frankly, at the quality of the arts in this country to see that we are in a good situation.¹³³

89. We note the Arts Council's undertaking: "If our grant in aid cuts were to be restored in the event of economic recovery we would use the funds to strengthen regional provision."¹³⁴ It is not immediately clear how "regional provision" will be defined in practice. However, it is worth noting that, in relation to television programme production, the Communications Act 2003 provides a precedent by its reference to the "M25 area".

90. Just as the Arts Council has played its part in helping to tackle the deficit, so should it be considered a beneficiary in the event of economic recovery. Once the Government is satisfied that resources allow, it should consider an increase in Arts Council grant in aid. This new money should be earmarked for the English regions, beyond the M25 area.

91. The Arts Council plays a vital role in safeguarding, consolidating and building the nation's cultural infrastructure and enhancing its quality of life. It takes measured risks to develop the arts and is showing clear signs of improving the transparency of its decision-making. Many will doubt and dispute the wisdom of some of the Arts Council's funding decisions, but this is an inevitable consequence of a vibrant cultural sector of which our country should be proud. Much is down to the hard work, professionalism and dedication of the staff who work for the Arts Council. They have an experienced chief executive and a chair who shows signs of building on the foundations bequeathed him by his predecessor. **The Arts Council is well-placed to tackle the clear imbalance of funding that favours London unfairly. It must do so with greater urgency if it is to realise its declared ambition to engineer the provision of great art and culture for everyone.**

133 Q 238

134 Arts Council ([WAC0151](#)), para 54

Conclusions and recommendations

1. A strategic direction for the Arts Council would best be set by a clear overall policy statement by the Government. We recommend that the Government produces and publishes a comprehensive arts policy. (Paragraph 9)
2. We welcome the involvement of the Arts Council in museums and libraries. Though this is modest in funding terms, museums and libraries provide important physical spaces that enable individual and collective cultural development in the widest sense. The Arts Council should remain alert to the important role museums and libraries have in promoting education across all disciplines. (Paragraph 15)
3. We welcome the Arts Council's role in distributing funds for music education hubs, and agree with the Arts Council that schools cannot be considered excellent unless their pupils receive a thorough grounding in the arts. (Paragraph 17)
4. We welcome the fact that there are very significant national museums based outside London. It is most important that this presence is consolidated and, where possible, built on. The Science Museum Group, for example, has an established and valuable presence not only in London, but also in Bradford, Manchester, Shildon (County Durham) and York. (Paragraph 23)
5. We welcome the Arts Council's decision to increase the budget to Grants for the Arts. We hope this will fund emerging talent throughout the country, not just in areas traditionally well provided for. (Paragraph 26)
6. We welcome the assurance from the Chair of the Arts Council that the national institutions in London will be required to perform a "genuinely national role" as part of their new NPO settlements. In general, we believe that any National Portfolio Organisation or Major Partner Museum should seek to extend further its reach wherever it might be based. This includes: touring productions and exhibitions (though we recognise that that is expensive); using new media more creatively to widen access (including making whole collections accessible electronically) and developing initiatives such as the showing at cinemas of performances of plays and operas. It also includes pro-actively putting the expertise available to NPOs and MPMs at the service of smaller local organisations. (Paragraph 28)
7. While there is surely scope for any arts organisation to raise more money through philanthropy, £5 cheques—even lots of them—will only go so far. Any constraints attached to public funding both for the arts in general and for specific projects ought to be informed by a realistic, quantitative assessment of the scope for philanthropic giving and self-help. (Paragraph 31)
8. The Arts Council should redouble its efforts at brokering cultural partnerships involving businesses, local authorities, local enterprise partnerships, universities and international organisations, particularly within the EU, which might provide additional funding sources. (Paragraph 32)

9. National Portfolio Organisations that receive Arts Lottery funds should demonstrate how they put this to use in ways that satisfy the additionality principle; examples could include, but need not be restricted to, wider community engagement and new touring activities. The principle of additionality should be adhered to both in spirit and in practice. (Paragraph 35)
10. Given the scale of the reduction in grant in aid that the Arts Council has absorbed, we welcome the Minister's assurance that he will seek to protect future funding. While it is essential to acknowledge the prevailing financial climate, we would be disappointed if the Arts Council saw any further fall in its grant in aid. (Paragraph 37)
11. The Arts Council should do more to explain the criteria on which it apportions funds to different art forms. It should provide detailed information both on the absolute and relative number of applications received and rejected, and the funds requested, broken down by general genre and geographical area. (Paragraph 43)
12. The involvement of local authorities is a welcome reflection of the desirability of providing some democratic input into decision-making. However, we believe there is more scope for involving local communities and businesses. Art and culture can and should be available to all, and engagement will be increased if individuals feel they have had some influence in a decision to fund a particular activity or organisation. (Paragraph 47)
13. A redistribution of funds along the lines suggested by the authors of *Rebalancing our Cultural Capital* would do much to redress the imbalance in funding to benefit England as a whole. We believe this could be achieved in a timely fashion without threatening London's world status as a cultural centre. (Paragraph 67)
14. We agree with the Chair of the Arts Council that the trend in shifting lottery funds outside London should continue. However, we believe the pace of change should be much faster than it has hitherto been. The Arts Council is well-placed to be the agent of this distribution—but only if it engages fully with elected local authorities and regional strategic organisations with the best local and regional knowledge. (Paragraph 70)
15. We recommend that the Government emphasises to local authorities the advantages associated with an appropriate level of engagement with cultural policy and provision—including what funding opportunities ought to be developed. However, we stop short of recommending the introduction of statutory requirements of a kind that rightly applies to libraries. (Paragraph 74)
16. The Arts Council should take a far more robust stance than it already does with local authorities, such as Westminster, who show little inclination to support the arts. There is little point in pumping public money into areas that do not particularly want or need it, or do little themselves to support the arts. (Paragraph 80)
17. Local authorities rightly have responsibility for coming to their own decisions on what funding to provide to culture in their areas. That is no reason for the Minister, with his strategic oversight of arts policy, to shy away from challenging any in danger

of acquiring the status of cultural pariahs. Any Arts Minister should use his or her position to champion the arts at every opportunity, including in dialogues with local authorities. Like the Chair of the Arts Council, we deplore the decision of Westminster to cut its arts investment, relying instead on funds from lottery players in less well-served parts of the country. (Paragraph 82)

18. Public funds should be used to support cultural activities that demonstrably contribute to the highest standards of excellence in art, engagement of communities and sustainable economic growth. (Paragraph 84)
19. It is important to avoid fragmenting funding to the extent that few benefit. Inevitably, regional centres of excellence will attract a larger share of funding. However, cultural hubs outside London ought to be getting a greater proportion than they currently are. (Paragraph 85)
20. The Arts Council should be more proactive when it comes to encouraging high quality applications from around the country and establishing the underlying reasons for any current imbalance. (Paragraph 87)
21. Just as the Arts Council has played its part in helping to tackle the deficit, so should it be considered a beneficiary in the event of economic recovery. Once the Government is satisfied that resources allow, it should consider an increase in Arts Council grant in aid. This new money should be earmarked for the English regions, beyond the M25 area. (Paragraph 90)
22. The Arts Council is well-placed to tackle the clear imbalance of funding that favours London unfairly. It must do so with greater urgency if it is to realise its declared ambition to engineer the provision of great art and culture for everyone. (Paragraph 91)

Formal Minutes

Tuesday 28 October 2014

Members present:

Mr John Whittingdale, in the Chair

Mr Ben Bradshaw
Angie Bray
Conor Burns
Tracey Crouch
Philip Davies

Paul Farrelly
Mr John Leech
Steve Rotheram
Jim Sheridan

Draft Report (*Work of Arts Council England*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 91 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 4 November at 10.00 am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/cmscom.

Tuesday 25 March 2014

Question number

Dame Liz Forgan, former Chair, Arts Council England

[Q1-53](#)

Peter Stark, Christopher Gordon and David Powell authors of *Rebalancing our Cultural Capital*

[Q54-83](#)

Tuesday 29 April 2014

Munira Mirza, Deputy Mayor of London for Education and Culture

[Q84-124](#)

Councillor David Budd, Co-chair, North East Culture Partnership, and **John Mowbray OBE**, Co-chair, North East Culture Partnership

[Q125-164](#)

Tuesday 10 June 2014

Sir Peter Bazalgette, Chair, and **Alan Davey**, Chief Executive, Arts Council England

[Q165- 219](#)

Mr Edward Vaizey MP, Parliamentary Under-Secretary of State for Culture, Communications and Creative Industries, Department for Culture, Media and Sport

[Q220-261](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/cmscom. INQ numbers are generated by the evidence processing system and so may not be complete.

- 1 Action For Children's Arts ([WAC0011](#))
- 2 Akademi ([WAC0167](#))
- 3 Alan Dix ([WAC0202](#))
- 4 Alan Wylie ([WAC0031](#))
- 5 Alexander Guiney ([WAC0002](#))
- 6 A-N The Artists Information Company ([WAC0153](#))
- 7 Armstrong Studio Trust ([WAC0106](#))
- 8 Arts & Business ([WAC0216](#))
- 9 Arts & Health South West ([WAC0191](#))
- 10 Arts Council England ([WAC0151](#)) ([WAC0220](#))
- 11 Arts Development UK ([WAC0059](#))
- 12 Arts For All ([WAC0087](#))
- 13 Artsadmin ([WAC0170](#))
- 14 Artsprofessional ([WAC0217](#))
- 15 ASCEL The Association of Senior Children's And Education Librarians ([WAC0043](#))
- 16 Association of British Orchestras ([WAC0047](#))
- 17 Audrey Evans ([WAC0081](#))
- 18 Axisweb ([WAC0116](#))
- 19 Battersea Arts Centre (BAC) ([WAC0196](#))
- 20 BBC ([WAC0203](#))
- 21 Belgrade Theatre Coventry ([WAC0069](#))
- 22 Bernard Evans ([WAC0080](#))
- 23 Birmingham Arts Partnership ([WAC0176](#))
- 24 Birmingham City Council ([WAC0178](#))
- 25 Blackpool Council ([WAC0183](#))
- 26 Bob Shannon ([WAC0159](#))
- 27 Bodydataspace Ltd ([WAC0075](#))
- 28 Bournemouth Symphony Orchestra ([WAC0118](#))
- 29 British Academy Of Songwriters, Composers And Authors ([WAC0150](#))
- 30 British Council ([WAC0145](#))
- 31 British Museum ([WAC0210](#))
- 32 Broadcasting Entertainment Cinematograph And Theatre Union ([WAC0077](#))
- 33 Castlefield Gallery ([WAC0171](#))
- 34 Celia Lerner ([WAC0095](#))
- 35 Christopher Gordon ([WAC0104](#))
- 36 Christopher Turner ([WAC0142](#))
- 37 CILIP (Chartered Institute of Library and Information Professionals) ([WAC0141](#))
- 38 City Of Birmingham Symphony Orchestra ([WAC0133](#))
- 39 City Of Bradford Metropolitan District Council ([WAC0200](#))

- 40 City Of London Corporation ([WAC0213](#))
- 41 Clore Leadership Programme ([WAC0078](#))
- 42 Collaborative Touring Network ([WAC0182](#))
- 43 Contemporary Visual Arts Network ([WAC0131](#))
- 44 COoL (Creative Organisations of Liverpool) ([WAC0110](#))
- 45 Core Cities (Culture Officers' Group) ([WAC0175](#))
- 46 Cornwall Council ([WAC0207](#))
- 47 Crafts Council ([WAC0034](#))
- 48 Creative Guild - The Association of Creative Professionals ([WAC0048](#))
- 49 Cumbria Museum Consortium ([WAC0188](#))
- 50 Dada, Disability And Deaf Arts (Dadafest) ([WAC0168](#))
- 51 David Lee ([WAC0026](#))
- 52 Deborah Bull ([WAC0102](#))
- 53 Department For Culture, Media And Sport ([WAC0138](#))
- 54 Derbyshire County Council ([WAC0038](#))
- 55 Desmond Clarke ([WAC0004](#))
- 56 East Riding Cultural Partnership ([WAC0143](#))
- 57 Eastside Projects ([WAC0125](#))
- 58 Elaine Jennings ([WAC0012](#))
- 59 Engage ([WAC0166](#))
- 60 English Folk Dance And Song Society ([WAC0179](#))
- 61 English Touring Opera ([WAC0140](#))
- 62 Equity ([WAC0054](#))
- 63 Esk Valley Theatre ([WAC0082](#))
- 64 FACT (Foundation for Art and Creative Technology) ([WAC0018](#))
- 65 Farnham Maltings ([WAC0037](#))
- 66 Fin Kennedy ([WAC0212](#))
- 67 Friends of Charmouth Library ([WAC0006](#))
- 68 Gateshead Council ([WAC0119](#))
- 69 GEM ([WAC0193](#))
- 70 Geoffrey Dron ([WAC0022](#))
- 71 Grand Union Orchestra ([WAC0103](#))
- 72 Greater London Authority ([WAC0174](#)) ([WAC0218](#))
- 73 Half Moon Young People's Theatre ([WAC0085](#))
- 74 Halle Concerts Society ([WAC0154](#))
- 75 Hampshire County Council, Portsmouth City Council, Southampton City Council and Winchester City Council ([WAC0127](#))
- 76 Helen Kaplinsky ([WAC0128](#))
- 77 Horniman Museum & Gardens ([WAC0130](#))
- 78 Hull City Council ([WAC0211](#))
- 79 Ian Anstice ([WAC0025](#))
- 80 Independent Theatre Council ([WAC0155](#))
- 81 Ingenious ([WAC0146](#))
- 82 Institute Of Contemporary Arts ([WAC0126](#))
- 83 Invisible Difference: Dance, Disability And Law Project ([WAC0123](#))

- 84 Jazz Services Ltd ([WAC0056](#))
- 85 Jeanette Siddall ([WAC0061](#))
- 86 John Walter ([WAC0098](#))
- 87 Lancashire County Council ([WAC0201](#))
- 88 Leeds City Council ([WAC0129](#))
- 89 Leeds Museums and Galleries ([WAC0029](#))
- 90 Leftcoast - Creative People And Places, Blackpool And Wyre ([WAC0195](#))
- 91 Leicestershire County Council ([WAC0041](#))
- 92 Lindsay Taylor ([WAC0101](#))
- 93 Liverpool Arts Regeneration Consortium (LARC) ([WAC0071](#))
- 94 Liverpool Biennial ([WAC0181](#))
- 95 Liverpool City Council ([WAC0156](#))
- 96 Local Government Association ([WAC0149](#))
- 97 London Borough Of Newham ([WAC0147](#))
- 98 London Councils ([WAC0173](#))
- 99 London Museums Group ([WAC0063](#))
- 100 London Theatre Consortium ([WAC0162](#))
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