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.

Current membership

Mr John Whittingdale MP (Conservative, Maldon) (Chair)
Mr Ben Bradshaw MP (Labour, Exeter)
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Jim Sheridan MP (Labour, Paisley and Renfrewshire North)
Mr Gerry Sutcliffe MP (Labour, Bradford South)

The following members were also a member of the committee during the parliament:
David Cairns MP (Labour, Inverclyde)
Dr Thérèse Coffey MP (Conservative, Suffolk Coastal)
Damian Collins MP (Conservative, Folkestone and Hythe)
Alan Keen MP (Labour Co-operative, Feltham and Heston)
Louise Mensch MP (Conservative, Corby)
Mr Adrian Sanders MP (Liberal Democrat, Torbay)
Mr Tom Watson MP (Labour, West Bromwich East)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

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

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Third Special Report

Government Response

1. Introduction

1. The Government would like to thank the members of the Culture, Media and Sport Committee for this thought provoking and interesting report.

2. We are very appreciative of the work and the time that has been undertaken by the Committee to engage with the wide range of arts organisations and interested parties across England in order to produce this report and for this timely evaluation of the Arts Council.

3. The Government is pleased that the Committee has recognised the important role that the Arts Council plays within the cultural ecology of England and the hard work that is undertaken across the country by its staff. This Government is committed to ensuring that as many people as possible in the country can access the incredible wealth of arts and culture that is available.

4. The United Kingdom as a whole has a long and rich history of artistic and cultural excellence and the mixed economy in which the arts is instrumental in supporting this. Arts Council England, along with the arts councils of Wales and Northern Ireland and Creative Scotland, plays a vital role in supporting artists, writers and musicians. The growth and the contribution of the creative industries as noted by the Committee, are an incredible success story which has been supported by this Government through its public funding for the arts and a range of tax reliefs that are making an enormous impact across the sector.

5. Despite the challenging economic circumstances, the Government will provide almost £3 billion to the Arts Council in grant-in aid and National Lottery money during the life of this Parliament compared to £2.91 billion during the last Parliament. Indeed, Lottery funding for the arts has been some £100 million per year higher than expected prior to 2010, thanks to the changes we brought in to restore the Arts Good Cause share to 20%, combined with increased ticket sales.

6. The Government also recognises the ongoing debate regarding the balance of funding between London and the regions. As the Committee reports, this has been something that has been looked at over a number of years and the Government wants to see further progress made in this area.

7. The Arts Council has the responsibility for making individual spending decisions independently of Ministers and Government. The long-established ‘arm’s length principle’ is important in the protection of freedom of cultural expression. Funding decisions are a matter for the Arts Council; but their objectives sit within the wider Government policy framework which emphasises Britain’s national and international reputation as a world leader in the arts.

8. Data from the Taking Part Survey shows that participation in the arts in 2013/14 remained at a similar level to 2008/09 and 2010/11. The Taking Part Survey has been measuring arts participation since 2005/06 and in 2012/13, participation reached its
highest level with 78.4% of adults having engaged with arts in the 12 months prior to interview.

9. Similarly, visits to museums and galleries have increased between 2008/09 and 2013/14, and between 2010/11 and 2013/14, despite the decrease in GiA received by DCMS-funded cultural institutions. Attendance at museums and galleries in 2013/14 was at a higher rate (53.1%) than in any other year since data collection began in 2005/06.

2. Government’s Response to the Conclusions

10. In this section, the Government sets out its response to the conclusions and recommendations in the Select Committee report. In referencing these areas, we use the conclusion numbers as noted in the section ‘Conclusions and recommendations’ on page 36 of the Committee report. We have grouped the responses thematically and combined answers where appropriate.

**National and Regional**

11. (Conclusion 4, Paragraph 23)

We note the committee’s comments on funding distribution in the regions. In respect of regional museums, we support the decisions that the Arts Council have made in distributing its funding to the Major Partner Museums outside London, and the Arts Council’s wider support to regional museums and galleries through its Resilience Fund Museum Development Officer scheme. The Arts Council encourages the Major Partner Museums to work collaboratively with both National Museums and with other partners. More broadly, National Museums already have close relationships with museums across the country, and there exists a large number of loan and touring exhibition programmes to display national collections around the country. We also note that collaborative working is enhanced by the National Museums Directors Council’s decision to include the Major Partner Museums within their membership.

Many of the National Museums are also pursuing and making progress on the digitisation of their collections, to ensure that the largest possible number of people may have access to them, and collaborative work continues across national and non-national museums to ensure that this is done to the highest standard.

Many of the National Museums have a presence outside of London and the Royal Armouries and National Museums Liverpool are based outside of London. In addition to the Science Museum Group, nearly all the National Collections including the Imperial War Museums, Tate and the Natural History Museum have branches outside London or share their collections with institutions outside London on long or short term loans, such as the National Portrait Gallery’s arrangements with the National Trust, and we continue to

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1 The ACE Major Partner Museums (including those joining the portfolio in 1 April 2015) are: Beamish and Bowes Museum, Birmingham Museums Trust, Black Country Living Museum and Coventry Museums, Bristol City Council, Derby Museums and Nottingham Museums & Art Galleries, Horniman Museum & Gardens, Hull City Council, Ironbridge Gorge Museum Trust, Leeds Museums & Galleries, Manchester City Galleries, Museum of London, Museums Sheffield, Norfolk Museums & Archaeology Service, Penlees House Gallery and Museum (and six museums in Cornwall), Royal Albert Memorial Museum, Royal Pavilion & Museums, Brighton & Hove, Tullie House Museum and Art Gallery, Lakeland Arts and Wordsworth Trust, Tyne & Wear Archives & Museums, University of Cambridge Museums, Oxford University Museums and York Museums Trust.
support them in this provision. In 2013/14, the Science Museum Group’s Kensington site received 3,343,000 visits, while its regional sites attracted 2,366,000. In addition, the recent Autumn Statement has announced a ‘Great Exhibition of the North’ which will celebrate the great art, culture and design of the north and provide greater access to collections of national significance; and provided funding for a new exhibition space for the Museum of Science and Industry in Manchester (which is funded by the Science Museum Group).

Many of the National Museums also work closely with museums across the country, working collaboratively and offering support and advice, as well as maintaining vibrant loan and touring exhibition programmes to display collections around the country, and this will continue to be important.

12. (Conclusion 6, Paragraph 28)

The Government wants as many people as possible to have the opportunity to experience arts and culture wherever they live. We were pleased to see that from 2015-18, the Arts Council will focus on building capacity and infrastructure outside London using strategic funds and being a more demanding partner of the National Portfolio Organisations and Major Partner Museums they fund, expecting them to take on national responsibilities as part of their funding agreements. These organisations will have committed to extend audiences, assist with education and increase workforce diversity. The Arts Council will hold these organisations to this commitment by monitoring and reporting on their reach and we will expect them to do so.

We agree with the Committee that it is important these organisations play a part in wider artistic and talent development and that all national companies have partnerships across England. The Government’s Theatre Tax Relief has been designed to encourage organisations to expand by extending the reach of touring organisations across the country. The Theatre Tax Relief was announced by the Chancellor in the 2013 Autumn Statement and came into effect on 1 September 2014. It applies to a range of live performances including plays, musicals, opera, ballet and circus productions. The relief has generated great interest within the theatre sector across the country, helping to promote economic growth and widening the opportunities for people to participate in the arts. In the 2014 Autumn Statement, the Chancellor announced that the Government would launch a formal consultation in early 2015 on the introduction of a similar tax relief for orchestras which would come into effect in April 2016. This consultation has now been launched.

We also agree with the Committee on the use of new media and screenings of plays and operas at cinemas or via the internet. The National Theatre, an Arts Council National Portfolio Organisation, is among the organisations that have led the way on this. We were encouraged by figures in their most recent annual trading report (published in October 2014) that reported ticket sales from NT Live screenings to cinemas at home and abroad had seen a 179% increase- from £2.4 million in 2012/13 to £6.7 million. Organisations such as the RSC, English National Opera and the Royal Opera House are among those who have also embraced this exciting new avenue for arts organisations. The screenings allow people outside of London to experience an incredible range of productions without the cost of transport or accommodation in the capital as do the ability to purchase and download recordings of productions to watch at home. There is great potential in this area and the
Government is keen for arts organisations and the Arts Council to continue to embrace and develop this.

13. (Conclusion 8, Paragraph 32 and Conclusion 19, Paragraph 84)

Like the Committee, the Government recognises the important role that the Arts Council plays in bringing together cultural partnerships and how organisations that receive public funding should be integral parts of their community that are accessible to everyone. The Arts Council is working with Local Enterprise Partnerships and local authorities and the Government is keen that this continues in the future.

The ten Bridge organisations which were established in April 2012 and have been funded by the Arts Council are a good example of how cultural institutions in an area can work together. We think the Creative People and Places programme that the Arts Council has undertaken to improve arts and culture in areas of low engagement is a step in the right direction so that the artistic infrastructure of an area is enhanced and developed ahead of any possible future funding.

14. (Conclusion 9, Paragraph 35)

We are committed to the principle that Lottery money will not be allowed to become a substitute for funding that would normally fall to mainstream Government spending. Distributors such as the Arts Council are well aware of this principle and the Government expects them to follow it.

The definition of ‘additionality’ is set out in the 2006 National Lottery Act. It is a matter for the Lottery distributors to satisfy themselves and the department on the allocation of Lottery funds within the additionality rules.

There is a requirement for all distributors to report in their Lottery Annual Report and Accounts on how the additionality principle has been applied. The NAO has the duty to scrutinise those accounts and will raise any concerns with the Department including on the application of additionality.

15. (Conclusion 13, Paragraph 67 and Conclusion 22, Paragraph 91)

The Government recognises that the Arts Council have been working to address the balance of funding between London and elsewhere since their 10 year strategy was launched in 2010, and that they intend to build on that through both National Lottery and Grant in aid. But we also concur with the Committee’s view that there is much more to do and much further to go. During the next few years, it is important that further progress is made on this issue.

We were pleased that the Arts Council’s announcement earlier this year regarding their programme of funding for 2015-2018 continues the trend in the increase of the share of funding that is going to organisations outside of London. But as the Arts Council acknowledged at the announcement of their portfolio, it will take time for this to happen. Currently over 70% of its Lottery investment is outside the capital, compared to 60% over the lottery’s lifetime. In 2004-5, ACE’s share of National Lottery Distribution Fund income and investment income was £169,169,000. In 2014-15, ACE’s projected share is £272,142,000 including their share of returning Olympic Lottery Delivery Fund monies.
This is something that the Government has discussed and has will continue to discuss with the Arts Council. Given the current situation regarding public finances, we feel that it is important for the Arts Council to ensure that funding decisions are made carefully and with a view of the national picture. We would be concerned if there was a sudden and hasty shift in funding that would weaken and threaten London’s cultural offer.

The Arts Council have been clear that their role is to make arts funding as balanced as possible given the amount of funding available and the various considerations that it needs to take into account. The final balanced picture is dependent on the kinds of applications that organisations have submitted. This is something that the Department will continue to monitor and discuss with them to ensure that sufficient progress is made in addressing this issue.

**Funding**

16. (Conclusion 10, Paragraph 37 and Conclusion 21, Paragraph 90)

Due to the recession, many aspects of public funding have had to be reduced to deal with the national deficit. Despite that, this Government will provide £3 billion during the life of this Parliament, £1.8 billion in grant in aid money for the arts—and over £1 billion in Lottery funding for Arts Council England. At the 2013 Spending Review, arts and museums were only cut by 5%—much better than many feared and something that was acknowledged by Sir Peter Bazalgette when he gave his evidence to the Committee. In April 2012, the share of National Lottery funding for the arts increased from 16.67% to 20%.

However, it would be inadvisable to make commitments on future spending. Both the Secretary of State and the Minister for Culture continue to represent arts and culture within Whitehall, making the case to HM Treasury in Spending Rounds and for tax reliefs (e.g. theatre), with the Department for Communities and Local Government on the important role that local authorities play in funding, and with other government departments where the arts contribute to their agendas e.g. health and education.

**Local Authorities**

17. (Conclusion 12, Paragraph 47)

The Government agrees with the Committee in that incredible arts and culture should be available and accessible to everyone. In June last year in his first keynote speech on the arts, the Secretary of State called for arts organisations to make what they do accessible to everyone. He spoke of the need for arts organisations to ensure that everyone in the UK has the opportunity to engage with our artists and actors, our history and heritage so that everyone has the chance to develop their own cultural tastes. The Arts Council works to increase participation in areas where there has been low engagement through its Creative People and Places programme as well as its work with local authorities.

This Government has launched a social investment tax relief which will unlock an estimated £480 million of additional social investment over five years and encourages individuals to support social enterprises, helping social enterprises to access new sources of
finance. The 2014 Autumn Statement saw the scheme being enlarged in order to support the 230,000 social enterprises that exist across the country which have a combined annual income greater than £60 billion and a workforce of more than 2 million people, representing over 4% of GDP and 5% of UK employment.

18. (Conclusion 14, Paragraph 70)

We are pleased that currently over 70% of the Arts Council’s Lottery investment is outside the capital, compared to 60% over the lottery’s lifetime and we will continue to monitor this. Lottery funding allows the Arts Council to invest more strategically via schemes such as the Grants for the Arts scheme which offers awards from £1,000 to £10,000 to support a wide range of arts-related activities including visual arts, dance and literature.

19. (Conclusion 15, Paragraph 74)

The Government notes and welcomes the Committee’s conclusion that a statutory requirement for arts and culture by local authorities would not be helpful. The introduction of such a requirement as exists for libraries, would create a ‘tick box’ culture that may not represent a genuine commitment by local authorities.

Local authorities should take into account the views of their local communities and Council Tax payers when they make funding decisions but it is right that these decisions are separate from Government. A locality’s cultural assets can be a major part of the local economy, attracting business and visitors as can be seen by events such as the very successful Folkestone Triennial or the Yorkshire Festival that was part of the Tour de France taking place in the region in Summer 2014.

Arts and culture can provide a sense of pride and place within a community and it is also an excellent way to discuss and debate issues that are significant to the community in an informative and challenging way. The Arts Council works with local authorities to promote the impact that culture can have and it is very important that local authorities recognise the benefits that the arts can bring.

There has also been some good work by local authorities that have innovatively looked at how to deliver services more efficiently that includes the establishment of charitable trusts, creating mutual and sharing services across local authority areas.

The Government would also like to applaud the work of those who champion the value of culture in their localities and their communities. Many of these have applied to be part of our successful UK City of Culture campaign that celebrates local authorities that are championing culture and increasing access to the arts. It encourages the use of culture and creativity as a catalyst for change, promotes the development of new partnerships and encourages ambition, innovation and inspiration in cultural and creative activity. Derry~Londonderry was the 2013 City of Culture which saw £100 million invested in the city’s infrastructure. The Arts Council have supported this initiative and will be supporting the 2017 City of Culture, Hull.

20. (Conclusion 16, Paragraph 80 and Conclusion 17, Paragraph 82)

We agree that the Arts Council should continue to engage with local authorities and build partnerships with arts organisations.
The recent Autumn Statement included a strong range of new initiatives to support arts and culture across England including the North of England. This includes a tax relief to support orchestras, £78 million for a new theatre and exhibition space in Manchester and £1 million to support a ‘Great Exhibition of the North’.

The Government has an important role to play in discussing the value of culture with local authorities and work will continue to gather evidence on the economic, social and intrinsic value of culture so that we can highlight the benefits that the sector can bring.

**Funding Process**

21. (Conclusion 5, Paragraph 26)

We agree with the Committee’s conclusion regarding the Arts Council’s increase to the Grants for the Arts budget. The scheme plays an important part in supporting projects delivered by organisations that either do not apply for or are not successful for national portfolio funding as well as supporting small, new or emerging arts, community or cultural organisations and artists and providing them with the funding that is vital to innovate and enable them to develop further.

22. (Conclusion 11, Paragraph 43 with Conclusion 18, Paragraph 84 and Conclusion 20, Paragraph 87)

We are satisfied that in the publication of its ten year strategy and five goals, the Arts Council makes clear what it expects of the organisations that it provides funding to and the criteria and standards that they must match. The Arts Council have made clear that these organisations must be accountable and have clear delivery plans for their activity. As part of the Arts Council’s funding agreement with them, they must produce plans to show how they will deliver their proposed activity for the period of their funding.

The Arts Council must continue to ensure that organisations that receive public funding comply with the funding agreements that have been made and we are content that this will be done.

**Strategy**

23. (Conclusion 1, Paragraph 9)

The Government’s policy towards the arts is set out in the DCMS departmental business plan and funding settlement letters. The Government will consider what further is needed to explain the strategic policy approach to arts and culture.

**Education**

24. (Conclusion 2, Paragraph 15)

We welcome these conclusions from the Committee. During this Government, we have been encouraged and pleased by the work that has been done to improve access to all to our incredible museums and libraries for everyone including the role played and leadership by the Arts Council.
Part of this includes the work done following Darren Henley’s review of cultural education in February 2012 and the Government’s response that was published in July 2013. The Museums and Schools Programme funded by the Department for Education, which is part of that piece of work, has seen over 87,598 pupils visit a regional museum. 5,951 schools have engaged with the programme which has seen new and creative ways to work with children and young people such as the collaboration between Aardman and SS Great Britain called Full Steam Ahead.

The early results of this programme include evidence that it has had significant impact on education basics such as reading and writing skills and pupils’ knowledge retention has increased as has their engagement in school. The programme has directly supported teachers to deliver the new national curriculum and develop their teaching practice.

Work by the larger National Museums based in London to share their collections with regional organisations includes important campaigns to support learning and education. DCMS National Museums have had undertaken projects to encourage object based teaching across the curriculum, such as the National Gallery’s very successful Take One Picture project, a model which they have now extended to a number of museums, heritage sites and archives including the Tower of London and some Major Partner Museums. This project provides resources for teachers to encourage the use of a single painting, castle or object to teach across the curriculum at primary level. Other examples include the Plus Tate network of organisations which share a common vision and ambition to inspire people about art.

The British Museum recently announced a new programme called Teaching History with 100 Objects which includes online resources which will assist in teaching the new national history curriculum in England across key stages 1 to 3 and is being developed in partnership with a number of regional and local museums including Major Partner Museums funded by the Arts Council such as the York Museums Trust. Examples like this where organisations nationally work locally are encouraging and welcome.

25. (Conclusion 3, Paragraph 17)

We agree with the Committee’s conclusion regarding music education hubs and the distribution of their funding via the Arts Council. Since they were established, they have seen local music education services working together to provide music services to children and young people across the country and we have seen that there has been an increase in the reach and offer of Hubs. In July, the Education Minister Nick Gibb announced an extra £18 million of additional funding to boost music education in 2015/16. £17 million of this will go to music hubs. On 26 January 2015, the Secretary of State for Education and the Secretary of State for Culture, Media and Sport announced that continued Government funding for music and cultural education including £500,000 to continue to support the In Harmony programme which inspires and transforms the lives of children through community-based orchestral music-making in areas of exceptional deprivation.

The additional money will bring this Government’s investment in music education to around £390 million since 2012. The total amount of funding available to music hubs in the next financial year is over £75 million. The Arts Council said the increase was recognition of the “important work of music hubs to make sure that every child has the
opportunity to be motivated and inspired by music”. They have published data which shows that in the 2012 to 2013 academic year, the first year of music hubs, nearly 80,000 disadvantaged pupils and more than 30,000 pupils with special educational needs took part in instrumental ensembles and choirs, demonstrating the impact of the hubs.

Across 2012-2015, the Government is providing £84 million to support young musicians and dancers to attend centres of excellence and £3 million, in conjunction with the Arts Council, for National Youth Music Organisations to support pupils from lower income families to join elite music groups. In January as part of the funding announcements, the Government announced that in 2015-16, it would continue to provide funding of £499,410 to National Youth Music Organisations to offer high-quality opportunities for the most talented young musicians in England and Music for Youth to provide opportunities for young people to perform in regional and national music festivals and events across the UK, including the School Proms at the Royal Albert Hall. We are pleased with the progress that has been made by music education hubs and their progress is something that we will continue to monitor.

**Philanthropy**

26. *(Conclusion 7, Paragraph 31)*

Philanthropists have made significant donations to many regional organisations. For example a £1 million donation to the Lowry, £15 million donation to Bishops Auckland and millions have been invested by a single donor over many years to help regenerate Folkestone and the surrounding areas.

While we recognise that the situation in London is different from the other English regions, philanthropy is already being cultivated successfully in every region. DCMS is working closely with the cultural sector, donors and corporate supporters to explore how best to face these challenges.

The Government has always been clear that any move to increase philanthropy and charitable giving will take time and is a cultural shift to diversify funding streams that requires organisations to build clear fundraising strategies and meaningful relationships with potential donors, whether they have £5 or £5 million to give.

In November, DCMS published its annual Charitable Giving Indicator which showed a substantial increase in charitable giving to DCMS funded cultural institutions. This included charitable giving to Arts Council National Portfolio Organisations funded organisations which has risen steadily from £109 million in 2008/09 to £180 million in 2013/14.

The overall upward trend supports what the Government has been saying about philanthropy: There is capacity for private giving out there, we just have to get better at asking for it.

**3. Summary**

28. Despite the difficulties caused by the financial crisis and the difficult decisions that had to be made, arts organisations have worked to find solutions and provide artistic output which the United Kingdom can be incredibly proud of.

29. Funding decisions regarding arts and culture are a matter for the Arts Council but we will continue to work closely with them as well as advocating culture with local government.

30. Artistic and cultural organisations currently play an important role in the cultural development of children and young people and it is important that this continues and progresses.

31. The Government commends the Arts Council for the important role that it plays in sustaining and cultivating arts and culture across England and for the commitment shown by the organisation and their staff.

32. This Government has made clear through its continued public funding of the arts and a range of tax reliefs that arts and culture are an essential part of British society. We have also made it clear that it is important that everyone wherever they live, whoever they may be should be able to access the incredible standard, creativity and range of arts and culture.
Arts Council England Response

Summary

We welcome the Committee’s timely inquiry into the work of the Arts Council. It is positive that the committee has received evidence from a wide range of stakeholders representing the diversity and complexity of the arts and culture sector in England. The report makes a number of interesting and useful recommendations.

We are pleased that the committee acknowledges that there is “much to praise in the hard work of the Arts Council”, and the work we are doing to address the historic challenges to rebalancing. We will continue to balance our investment intelligently—to build capacity across England, whilst not damaging the infrastructure in the capital and we will continue to actively seek a shift in the balance of our resources that are invested outside of London. However the Arts Council’s reducing income presents a challenge to faster action.

The report highlights the crucial issue of Local Authorities’ support for the arts and culture during this period of austerity. We will continue to use our on the ground expertise and knowledge to build connections and broker partnerships with partners including local government, business, higher education and others around the country.

The committee rightly warn of the danger of fragmenting funding. We are clear that we will continue to use all our funding streams to support excellent work while prioritising the reach and impact it has. Our work should be judged by its contribution to our agreed goals, rather than by imposed targets.

The report backs the Arts Council’s view that no school should be considered excellent by Ofsted unless it has a strong cultural offer across the curriculum and school life. We are working with Ofsted to improve the consideration of culture in inspections and believe progress is being made.

Finally, it is positive that the Committee feels the Arts Council’s Grant in aid should not be reduced, and should be increased once the economy has recovered. It is right that further provision in future spending rounds should be prioritised to bolster the national arts and culture ecology outside the M25 in areas of low engagement.

Response to the Committee’s 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)

It is for DCMS to set out their plans to produce such a policy statement.

The Arts Council’s 10 year strategy ‘Great art and culture for everyone’ was devised in 2010 following consultation with the sector. We work with guidance from Government but make funding decisions independently from DCMS.
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)

We believe it is vital that all arts and cultural organisations work closely with young people to ensure fresh and stimulating arts and culture provision and interaction.

All museums we fund in the portfolio for 2015-18 have committed to Goal 5 which aims to ensure that every child have the opportunity to experience the richness of the arts, museums and libraries and all funded organisations committed to this goal will develop high-quality arts and cultural experiences for, with and by children and young people. In addition to facilitating relationships between arts and museums we also work with 10 regional museums whose schools partnerships have been awarded a total of £3.6 million funding until 2015 through our Museums and Schools programme.

We are the national development agency for libraries, and although we are not responsible for providing or funding library services, (which remains the sole responsibility of local government) we do play a significant role. We fully recognise the broad contribution of public libraries to communities across England recognise the contribution that libraries make to lifelong learning. We have established partnerships with CILIP, SCL, DCMS, The Reading Agency and the LGA to ensure that libraries continue to deliver relevant educational programmes and bring particular expertise to their role as cultural hubs in communities.

We are committed to working with partners to increase the opportunities for libraries and museums to deliver educational projects. We will continue to facilitate local partnerships to ensure a coherent, national approach to the provision of excellent arts and culture for all children and young people.

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)

We welcome the Committee’s backing that schools should not be rated as excellent by Ofsted unless their pupils have the opportunity to see, participate and talk about their experiences with arts and culture.

Recent Ofsted guidance for inspectors clarifying that arts should be included ‘spiritual, cultural and moral development’ is encouraging. We will continue to work with Ofsted on this issue.

Arts Council England is passionate about cultural education and invests in a wide range of music and cultural education programmes that play a crucial role in the delivery of a broad and balanced curriculum. We believe that every child has the right to have their cultural talent to be developed, and to have the opportunity to see, participate and talk about their experiences with arts and culture.
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)**

Responsibility for policy and funding of the national museums such as the Science Museum does not sit with the Arts Council, but with DCMS.

Arts Council England is committed to working alongside museums to ensure that everyone, everywhere has the chance to access to the rich wealth of national treasures in our great public collections. Our Major partner museums play a significant role nationally and many are members of the National Museum Directors’ Council (NMDC). Funding for MPMs will increase to £22.6 million per year in 2015/18 to support 21 Major partner museums.

The increased investment offers greater opportunities throughout the country, not just in terms of geographic spread, including both rural and urban museums; it also allows our Major partner museums to provide a wider leadership role. We also focus strategic funding on building the resilience of museums and facilitating close partnerships with other funders and cross-sector bodies to make best use of the resources available.

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)**

We are grateful for the committee’s recognition that the increase in the Grants for the arts budget to £70 million will further support individual artists, community and cultural organisations. Our intention is that this will support emerging talent nationwide. Grants for the Arts budgets are calculated using a formula including population and demand. Success rates for Grants for the Arts are already higher outside London.

We are also undertaking further analysis of applicants and working towards increasing applications from areas of low arts engagement and working to increase success rates from underrepresented groups.

We are committed to increasing the number of successful applications across the country, and in particular outside London, utilising our expert staff and data. Area staff and expert Relationship Managers already forge relationships with developing artists and smaller organisations and hold regular local sessions to encourage arts organisations and individual artists to apply for our funds, including Grants for the arts.

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)

During 2012-15 we are investing in a total of 691 National Portfolio organisations (NPO) and 16 Major Partner Museums (MPM) across England. From 2015-18 we are investing in 670 NPOs and 21 MPMs.

As well as building capacity and infrastructure we are becoming a more demanding partner of the NPOs and MPMs we fund. Companies play a part in wider artistic and talent development—all national companies have partnerships across England. All organisations we fund, particularly the largest, must ensure they have robust delivery plans for their activity and we work with them to ensure their plans focus on their role as leaders and partners with smaller organisations in the wider arts ecology.

Our evidence to the committee set out the various activity national organisations are undertaking around the country including development work with smaller organisations and touring nationwide. As we said, London has a higher number of touring companies than any other region with 53% of its portfolio touring and 78% of that activity taking place outside London.

In addition to NPO funding our £45m Strategic touring fund is focussed on ensuring that more high-quality work reaches people and places with the least engagement and stronger relationships forged between those involved in artistic, audience and programme development. We have allocated £23 million to this fund for 2015-18 to make a significant impact outside of London. As mentioned in our evidence to the committee, organisations with London postcodes received 42% of the value of our Strategic Touring programme; only 8% of that value was delivered there. We are committed to continuing the work which supports more people to engage with work through touring.

Digital access is also enabling companies to reach geographically dispersed audiences as well as building partnerships and capacity. NT Live broadcast Manchester International Festival’s production of Macbeth last summer to cinemas across the UK. Last season Royal Opera House attendances in cinemas nationwide reached 215,000 and 80% of this audience was based outside Greater London.

We are also working with partners such as the BFI on exploring alternative content models which are aimed at working with the sector to offer greater access to LIVE performances. Arts Council is implementing its creative media policy which enables partners to share best practice and encourages arts organisations and museums to increase the reach of their activities through the development of digital content and distribution.

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)

Encouraging philanthropic support outside London and helping smaller organisations to increase their capacity to earn income from different sources are important goals for the Arts Council.
We are supporting 218 smaller organisations, mostly outside London, with grants of 60k to 120k to build fundraising expertise through our Catalyst programme. We also deliver a £7 million capacity-building scheme for consortia of organisations with limited or no fundraising experience. We also work with CAUSE4 to increase philanthropy skills and development.

We are also investing in the development of a new cadre of fundraisers in the sector to begin a cultural shift in organisations awareness of, and approach to, seeking philanthropic donations.

Shortly we will publish an interim evaluation of our Catalyst programme. This analysis will help us to determine how we can continue to support organisations to raise private investment in the future.

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)

Brokering partnerships is key to ensuring arts and culture survives and thrives in the current financial climate and we are taking an active approach to doing so.

Local government remains the Arts Council’s most important strategic, funding and delivery partner. Our approach to our partnership with local government is set out in our joint statement of purpose agreed with the LGA. We recognise that local government is an investor in its own right and brings to the partnership local reach, community priorities and legitimacy. In turn, Arts Council England brings a national perspective and development for the sector.

We recognise that local authority budgets are under significant pressure, and we work with local government to find ways to sustain and grow local cultural offers. We recognise the importance of local political leadership in this. In partnership with the LGA, the Arts Council pays for and helps deliver leadership academies for elected members with responsibility for cultural services. We are supporting local government to consider new models of delivery and support that can help sustain investment in culture. This has included research into community libraries and the role of libraries in rural areas, and in raising awareness amongst local government of the range of delivery models that can be considered. In July 2014 the New Local Government Network published research into new delivery models, which was funded through an Arts Council grant. This research, The Show Must go On, was the subject of significant press coverage and is used by the Arts Council in its work with local government. We are working with the Cabinet Office’s Mutuals Support Programme to disseminate good practice in mutualisation of previously local government cultural services.

We are also supporting local cultural services to diversify their income streams and thus lessen their reliance upon direct council subsidy by cultural budgets by helping them to secure public service commissions for health, wellbeing and social care. Between 2013 and 2016 the Arts Council will invest just under a million pounds in the Cultural Commissioning programme to do this. In this way we also support art and culture to promote health and wellbeing, and thus add greater value to individuals and communities.
Local Government remains the most significant investor in arts and culture in England. The effectiveness of our own investment often depends upon local authorities who co-invest in organisations with us.

The committee is right to point to the need for partnerships in places with a range of partners. New partnerships are already being forged. We are investing with Derby University to support Derby Theatre, and with Northumbria University to support Baltic 39 in Newcastle where a joint professor is held between Baltic and the university.

LEPs are increasingly important to the Arts Council as we seek to realise the economic contribution of arts and culture. We have undertaken advocacy with LEPs to help them understand how culture can contribute to local growth priorities. We work with individual LEPs to help them develop priorities and action plans for culture, tourism and the creative industries. We want our investment to help drive growth where it can, and we have written to the chairs of all of the 39 LEPs to ensure that they are aware that Arts Council funding can act as match for the LEPs’ allocations of EU Structural and Investment Funds and our willingness to discuss shared investment strategies. In addition, we are in discussion with DCLG and BIS about an Arts Council strategic fund to incentivise investment by LEPs in growth through culture, to launch in 2015.

We are working with the LEP network on the extent to which arts and culture were taken account of in LEP Strategic Economic Plans. While there is still clearly much work to do to ensure that LEPs fully realise the potential of arts and culture, we were heartened by the ambitions of a number of LEPs to use culture to help grow tourism and the creative industries. We will build on this work and continue to work with LEPs.

Alongside this, the €455m Creative Europe fund provides a major opportunity for the sector to attract funding to support growth. We are also aiding organisations access Creative Europe by providing advice for those who would like to apply.

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)

Lottery funding is distinct from government funding and adds value. Although it does not provide a substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.

The Arts Council distributes both Grant in Aid and National Lottery funds in a mixed funding model. In the last investment process we used Lottery funding as part of the overall total budget for our national portfolio. This was for a distinct purpose—touring and work with children and young people.

For our plans for investment in 2015-18 we have looked at ways we will again be able to help support a thriving National portfolio by using some of our Lottery revenue. We are satisfied that we can do this and still fulfil the principle of ‘additionality’. By doing this in a uniform way across the portfolio we will be able to fund a greater number of organisations.
There will be some National portfolio organisations that are funded wholly with National Lottery revenue, while others will be wholly funded with Grant in aid, but all will be treated in the same way.

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)

We welcome this recommendation which acknowledges the complexity of the work the Arts Council undertakes. The arts contribute to a number of other policy areas meaning this investment works hard for the public and the government.

The report also recommends that our grant in aid income should not be cut further—and indeed levels of GIA should be restored when the economic picture improves. This is a significant vote of confidence in our work and the value of arts and culture to everyone in England. Any future cuts to our Grant in Aid we receive would mean we have to take difficult decisions about how best to apply those reductions to all of the portfolio and strategic funds.

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)

We are exploring how data collection and sharing regarding our grant funding will become more transparent over the coming funding period and this will no doubt have an impact on some of the points raised here. This includes data relating to equality and diversity.

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)

The approach we take to working with local authorities, LEPs and others is set out at point 8.

Local engagement is an important part of this approach. Our Statement of Purpose with the LGA sets out that the Arts Council brings an expert national overview and local reach; local government has the democratic legitimacy and depth of understanding of the communities that they serve. We consider this partnership—nationally with the LGA and locally with individual local authorities—is a vital strength of the way we operate. We seek to maintain our own intelligence and knowledge about how we work locally. As we set out in our evidence to the committee, all of our decisions, including those made by our National Council, are informed by the expertise and local knowledge of our staff on the ground, who are close to where our money is invested. We have protected this local presence despite cuts of 50% to our administration budgets.
Crucially, we have built local perspectives into our decision making. Our five Area Councils are made up of leading local individuals from the arts and culture sector as well as business leaders. We also have reserved places on each area council for local authority members. As detailed in the evidence to the committee, Area and National Councils have distinct responsibilities for decision making using their local knowledge and art form expertise.

Our £37m Creative people and places programme, targeted in the areas of least engagement in the country, specifically includes local artists and communities in the shaping of each project. Creative People and Places is being extended over the forthcoming funding period.

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)

We are pleased that the report acknowledges the work we are doing to increase levels of funding outside London. Over 70% of lottery awards have been made outside London in the last few years, compared to a lifetime average of 60%. Between 2008-12 49% of NPO funds were awarded outside London, in the 2015-18 portfolio this figure will be 53% and 91% for Major Partner Museums. We will look to increase the proportion of lottery funding going to organisations outside London over the next three years and expect to see progress. This is positive, but it must be done carefully, building capacity and investment which can be sustained.

As the report acknowledges, London’s share of arts funding reflects its “position as the capital city and a world cultural centre”. So we must be careful not to act in a way that damages what is already working well, including the thriving cultural life of our capital city.

We note that the GPS Culture authors set out a different proposal in their later publications, The PLACE and Hard Facts to Swallow, and in their oral evidence to the committee. The original proposal assumed a lottery income at least £100m a year higher than we actually have.

Finally, the ongoing pressure on Local Authorities’ budgets is an important factor in our ability to invest in organisations all over the country. As set out in points 8,12,14,15, and 16 we are building strong and meaningful local partnerships to ensure the continued commitment of arts and culture investment from local authorities. We welcome the Committee’s suggestion of additional resource to support our ambition to achieve this but this needs to be considered alongside the capacity of local government to support a healthy and sustainable cultural infrastructure.

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)
As set out at point 13, there has been a shift in the right direction and we are grateful the committee has recognised this. We share the committee’s desire for a speedy response to the historic challenges to rebalancing, and are working hard to ensure a genuine shift happens.

The Arts Council retains a great deal of local and regional knowledge through our relationship managers based around the country. Our relationships with local authorities and other partners are set out at points 8, 12, 15 and 16.

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)**

It is for DCMS to set out Central Government’s case for local authority investment in the arts.

We have set out our approach to working with Local Authorities in points 8, 12, 14 and 16. The Arts Council will continue to make the case for local investment in arts and culture to local authorities, and others including the LGA, the Rural Services Partnership and the Core Cities. We will continue to engage directly with councils to help them develop a strategic and sustainable vision for the role of culture in local communities.

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)**

Our relationships with local authorities are set out at points 8, 12, 14 and 15. We want to support councils who, despite financial pressure, continue to prioritise the importance of funding arts and culture in communities. We are not in a position to take a tougher or oppositional stance with councils who want to withdraw or reduce their funding commitments. We are working hard to maintain our partnerships with local authorities in each of our Areas.

Instead we are working strategically with authorities to ensure our investments are co-ordinated and strategic. We have robust conversations with them to ensure all the options are considered before a decision takes place. This will include the availability of local government support to make our investment sustainable and effective.

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)**
Our relationships with local authorities are set out at points 8, 12, 14, 15, and 16. It is properly for the Minister to decide how to take this recommendation forward.

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)

The committee is right to conclude that public funds must demonstrably contribute to excellence and engagement. Supporting excellence is Goal 1 of our 10 year strategy. All art and culture is funded from the starting point of excellence. We aim to use our expertise, national overview and local knowledge to invest in such a way that encourages and requires artistic and cultural excellence in arts organisations and regional museums.

We are committed to increasing engagement as Goal 2 of our strategy. From 2015-18 all NPOs and MPMs are expected to show how they will contribute to widening access to the arts and engage local communities. In addition our strategic funds such as Creative People and Places, as well as Strategic Touring, are helping to address this.

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)

The committee is right to recognise the dangers of fragmentation which could stem from an approach insufficiently focussed on quality with a transparent, fair, and competitive application process.

We concentrate investment in urban centres to ensure that the largest numbers of audiences can access the most exciting and inspiring work and build critical masses of infrastructure. Taking a 20 mile radius around cultural hubs outside London shows the Newcastle area receives £25 per head of NPO investment, Manchester £10 per head, and Liverpool £11 per head compared to £27 per head for London.

We have set out our approach to increasing levels of funding outside London at points 13 and 14. We are already moving in this direction, however it is difficult to act very rapidly when there is continued pressure on our income.

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)

We are working towards increasing applications from areas of low levels for all of our funding. The Arts Council continues to collect data from applicants to map where improvements can be made. See point 5 for further details.

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)
We welcome the report’s recommendation that Grant in aid be maintained at its current level and that this should be increased in the event of economic recovery. We have been clear that any further provision in future spending rounds should be prioritised to bolster the national arts ecology outside the M25.

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)

As we have set out at points 13, 14, 19 and 21 action is already being taken to increase our levels of funding outside London and we are pleased the committee acknowledges this. The pace at which we can continue to achieve this is in part dependent on the income levels we receive.

As set out in points 8 and 16, Local Government is the most significant investor in arts and culture and we have no direct control over this funding.

**Conclusion**

We will continue to balance our investment intelligently—to build capacity outside of London as quickly as possible, but without damaging the infrastructure in the capital.

Local Authorities and other partners in place across the country are crucial and we will build partnerships with all of them to ensure that arts and culture continue to thrive nationwide.

As we approach the 2015 election it is good to see arts and culture moving up the political agenda; helping to support cultural education and opportunity, health and well-being, the creative industries and urban regeneration across the entire country.

It is vital that in challenging economic times we continue to demonstrate the value and impact of arts and culture investment across England and ensure that this case is heard in Government departments, town halls, universities and homes up and down the country.