



House of Commons
Culture, Media and Sport
Committee

**Countries of Culture:
Funding and support
for the arts outside
London**

Fourth Report of Session 2016–17



House of Commons
Culture, Media and Sport
Committee

Countries of Culture: Funding and support for the arts outside London

Fourth Report of Session 2016–17

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

*Ordered by the House of Commons
to be printed 6 December 2016*

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

[Damian Collins MP](#) (*Conservative, Folkestone and Hythe*) (Chair)

[Nigel Adams MP](#) (*Conservative, Selby and Ainsty*)

[Andrew Bingham MP](#) (*Conservative, High Peak*)

[Julie Elliott MP](#) (*Labour, Sunderland Central*)

[Paul Farrelly MP](#) (*Labour, Newcastle-under-Lyme*)

[Nigel Huddleston MP](#) (*Conservative, Mid Worcestershire*)

[Ian C. Lucas MP](#) (*Labour, Wrexham*)

[Jason McCartney MP](#) (*Conservative, Colne Valley*)

[Christian Matheson MP](#) (*Labour, City of Chester*)

[John Nicolson MP](#) (*Scottish National Party, East Dunbartonshire*)

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

Committee reports are published on the Committee's website at www.parliament.uk/cmscom and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

Committee staff

The current staff of the Committee are Elizabeth Flood (Clerk), Katy Reid (Second Clerk), Kevin Candy (Inquiry Manager), Cameron Wall, (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, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6188; the Committee's email address is cmscom@parliament.uk

Contents

Introduction	3
1 How culture enriches and improves our lives	4
2 The current funding situation	8
3 New income streams	15
4 New operational models	19
5 The importance of partnerships	22
6 Diversity and accessibility	27
7 Digital Technology	30
8 Skills and staffing	32
Conclusions and recommendations	34
Formal Minutes	39
Witnesses	40
Published written evidence	41
List of Reports from the Committee during the current Parliament	44

Introduction

1. Britain has a rich and varied cultural offering: it is known internationally for outstanding arts and heritage attractions, from world class museums, galleries and theatres, to heritage sites and attractions which are the focal point of local communities. Our national treasures range from old masters and West End shows, to contemporary dance and cutting-edge festivals. In the last Parliament, our predecessors considered the work of the Arts Council England, and concluded that there had been an arts funding imbalance in favour of London at the expense of tax payers and lottery players in other parts of the country. We wanted to follow up on this inquiry to examine how the culture sector throughout the country is coping with the current difficult economic situation. We also wanted to see how the sector was responding to these challenges, to showcase the organisations, projects and communities that were surviving and indeed thriving in this challenging climate, and make recommendations to Government on how best to support and preserve our national treasures.

2. The variety and quality of cultural life in the UK has been celebrated in the recent Culture White Paper (Cm 9218), produced by the previous Minister for Culture, Ed Vaizey MP. We welcome the publication of this strategy and the recent assurances from the new Minister for Culture, Matt Hancock MP, that he supports the aims of the White Paper and will continue putting its recommendations into practice.¹

3. As part of our inquiry we have held six evidence sessions, we received over 100 submissions, from arts organisations right across the country, and we also visited Glasgow, Staffordshire and Buxton to hear from local government, business, education and cultural representatives. We are grateful and wish to thank all those who contributed submissions and presented evidence to the Committee.

1 How culture enriches and improves our lives

4. For this inquiry, we used a broad definition of culture, to include both arts and heritage; we wanted to be as inclusive as possible. Culture can mean different things to different people, and can be shaped by our national, regional or local perspective. It can also include a wide range of activities and interests. As the Creative Industries Federation noted in their submission, “for many communities, the closest cultural space is in heritage rather than the arts”.² Culture, in whatever form it takes, allows us to connect with people and places, it can inspire and engage us. In the words of the new Secretary of State, Karen Bradley MP, culture makes us happy, and she described herself as leading the “Ministry of Happiness.”³

5. A huge proportion of the UK population engages with culture regularly in its various forms. The Department of Culture, Media and Sport (DCMS) has been measuring participation for a number of years through its ‘Taking Part’ survey. The latest statistics released by the Department show that 76% of adults had engaged with the arts at least once in the last 12 months, 73% had visited a heritage site and 53% had visited a museum or gallery.⁴ The Heritage Lottery Fund and the RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) have also collaborated to produce a UK-wide heritage index, which shows the density of heritage assets and the level of community engagement with those assets.⁵

6. Whilst it is fundamental to recognise the intrinsic value of culture, we also have a strong interest in its instrumental value. This inquiry sought to understand the role of culture in economic regeneration and cultural tourism. We wanted to highlight best practice where culture has been used to support other policy objectives, for example on education, health and well-being and criminal justice. Part of the purpose of this inquiry was to examine the impact of local government budget cuts on provision of culture at the local and regional level, and we were also interested in provision of culture without public funding, through new commercial practices and through people working together.

7. We took evidence on the value of culture in enhancing health and well-being. The Heritage Lottery Fund (HLF) stressed the value of participation in volunteering activity and being outside, in tackling and preventing mental health issues.⁶

2 (COC0091) Creative Industries Federation

3 Oral evidence to the CMS Committee on Responsibilities of the Secretary of State for Culture, Media and Sport on 23 October 2016, Q60 ([transcript here](#))

4 Taking Part survey Q4 2015/16 ([report here](#))

5 HLF and RSA index (<https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/heritage-and-place>)

6 HC 862 Q225

Box 1: Case study: The House of Memories.

The National Museums Liverpool have received funding from the Department of Health, Liverpool City Council and various trusts to run the award-winning House of Memories training programme. It targets carers and social care providers and helps them to deliver a positive quality of life experience for people living with dementia, by providing help with dementia care through unique cultural resources, like their ‘memory suitcases’ (this free loan service includes objects, photographs and memorabilia for carers to help engage those with dementia). The project has trained 10,000 carers across the UK and won both national and international prizes for improving dementia care.⁷

8. In evidence, the Chief Cultural and Leisure Officers Association (CCLOA) highlighted a project in Blackpool, called Fulfilling Lives, which has created a community cafe, to bring together people who have challenging lives and create pathways into other activities, which has resulted in a reduction in calls to the emergency services and other public services, representing significant savings for the public purse.⁸ We also received evidence which had evaluated the impact of cultural activities on health policy outcomes⁹.

Box 2: Case study: Art Lift in Gloucestershire.

Art Lift is a free service provide by Gloucestershire County Council and sponsored by Gloucestershire Primary Care Trust (PCT). Through GP referrals NHS patients can work with professional painters, singers, artists and other crafts people, helping to improve health and emotional well-being. An initial service impact assessment indicates a 27% decrease in medical consultations, sustained beyond a period of six months.¹⁰

9. Culture can also play a key role in economic regeneration.¹¹ The success of Liverpool as European Capital of Culture in 2008 was well documented. The DCMS-run UK City of Culture programme seeks to build on that. It aims to use culture as a catalyst for change and to create a lasting legacy for the area. In 2009, following a competitive selection process, Derry-Londonderry was selected as the first UK City of Culture and held the title in 2013.

Box 3: Case study: Derry/Londonderry as UK’s City of Culture in 2013.

The evaluation of the Derry/Londonderry City of Culture programme found that the £20 million investment from the city had produced a £100 million return, generating over a million visits, 41% from outside the city, a 61% increase in overnight stays and an accompanying 76% increase in visitor expenditure. The programme was also attributed with supporting 40 business start-ups.¹²

7 [\(COC0112\)](#) National Museum Directors’ Council

8 HC 114 Q296

9 [\(COC0038\)](#) Museums Association and [\(COC0112\)](#) National Museums Directors Council

10 [\(COC0101\)](#) What Next?

11 [\(COC0009\)](#) Plymouth Culture

12 <http://www.cultureforcitiesandregions.eu/culture/resources/Case-study-Derry-first-UK-City-of-Culture-WSWE-9Y2DPH>

10. Culture has a key role in place-making and making a location an attractive place to work in and visit. For example, culture is a major priority for the city of Hull and the city's economic plans, led by Hull City Council and relevant agencies, have prioritised the development of culture along with attracting new manufacturing and engineering to the city.¹³ Hull's vision, with the support of a consortium of business, civic and cultural organisations, was rewarded with the announcement that Hull will be the UK City of Culture in 2017. In written evidence, the National Museum Directors' Council underlined that this status in turn had levered significant investment into the city and its cultural infrastructure.¹⁴ Culture can also support the visitor economy, and we heard that, for example, the Buxton Festival generates £4 in the local economy for every £1 of investment.

11. Culture can also play a role in justice and rehabilitation. In written evidence, the National Alliance for the Arts in Criminal Justice (NAACJ) explained how the arts and cultural projects can provide first learning steps and improve self-knowledge and self-confidence in prisoners.¹⁵ The NAACJ also hosts an evidence library where they include over 90 evaluations of arts projects. For example, the music programme for sex offenders called Good Vibrations was evaluated by Nottingham Trent University. The programme was found to have a positive impact on offenders' desire to change and participate in treatment, and assisted with the release and management of emotions.¹⁶ The Coates Review into prison education also placed a strong emphasis on the contribution of culture, and called for no restriction on the use of education funding for the creative arts within prisons. It stated:

“The provision of art, drama and music courses is not a core part of current arrangements. Where they do operate, they are often the first thing that prisoners, staff and Governors talk about. The arts are one route toward engaging prisoners when they have had negative experience of traditional classroom subjects, or struggle with self-esteem and communication. They can be the first step towards building confidence for more formal learning”.¹⁷

12. The Creative Industries Federation (CIF) told us that the case for culture and the policy benefits it can bring was well understood in central government. The Culture White Paper included a number of useful case studies. CIF called on the Department for Communities and Local Government to support and make the case for continued investment at the local level.¹⁸

13. The UK's strong international reputation in culture has been a major factor in its acknowledged status as a 'cultural superpower'. In the Portland soft power index, the UK came second only to the USA last year, and the UK's "vibrant culture and considerable heritage" were cited as key components of our recognised clout.¹⁹ The British Library, which took the initiative to begin digitising its collection over 10 years ago, has become the partner of choice for other national libraries worldwide. The thirst to understand and

13 <http://cityplanhull.co.uk/>

14 (COC0112) National Museum Directors' Council

15 (COC0018) National Alliance for Arts in Criminal Justice

16 See evidence library <http://www.artsevidence.org.uk/>

17 Coates Review (p29) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/524013/education-review-report.pdf

18 HC 114 Q261

19 <http://softpower30.portland-communications.com/ranking/>

engage with British culture remains high globally, whether through watching British productions or learning English. This thirst also presents opportunities for cultural organisations.

Box 4: Case Study: Bury Museum in China

The Bury Museum co-ordinated a collaborative tour of history of British art based on works from a 17-strong consortium across the Manchester Museums Group. The tour reached an audience of three million in China, in six different locations across the country in 2012. The success of the tour on almost every level has vindicated the organisers of what was considered by many at the outset to have been a ‘risky’ venture for a consortium of small museums. Only large national museums had worked in China before 2012.²⁰ The touring exhibition produced approximately £100,000 revenue, split between partners. Given the budget cuts experienced by the North-West museums involved, the project was a huge success and has enabled Bury Museum to continue other international projects (partnerships with museums in China, Japan and Taiwan, for example).

14. In addition to its own intrinsic value, culture plays an important role in helping to deliver a wide range of policy objectives. There are innovative projects all across the country where culture supports other policy objectives, like health, education and economic development. We believe it would be helpful to publicise these projects more and also capture the lessons learned. *The Department for Culture, Media and Sport (DCMS) should continue to work with the Department for Communities and Local Government (DCLG) to ensure that case studies and best practice are effectively shared with local authorities. The White Paper was a welcome indication that this collaboration has begun.*

20 <http://buryartmuseum.co.uk/International-Touring>

2 The current funding situation

15. DCMS and the culture sector had feared significant cuts in the run-up to the November 2015 Spending Review. In the end, DCMS' administration budget was cut by 20% but funding for the Arts Council England (ACE) and national museums and galleries was protected. The then Chancellor, George Osborne MP, said deep cuts to DCMS would be a "false economy" on the grounds that "£1 billion a year in grants adds a quarter of a trillion pounds to the economy".²¹ There were also significant awards for cultural projects like the new storage facilities for the British Museum, Science Museum and the Victoria and Albert Museum (V and A), the Burrell Collection, the Manchester Factory and Hull City of Culture.

16. The outcome of the spending review allowed DCMS to confirm funding for ACE of £1.1 billion and funding for 16 Arm's Length Bodies for 2015–18. DCMS will also provide £87 million to Historic England, £3 million to the Churches Conservation Trust and £30 million to the National Heritage Memorial Fund.

17. There has been a 20% reduction in spending by local authorities in England between 2010 and 2015, and further cuts are expected through to 2020. Despite the unexpectedly positive outcome for the culture sector at the national level in the 2015 spending review, the financial pressure at the local level continues, and local authorities are the largest single source of revenue for the culture sector. In 2015, the culture sector received £850 million from the Arts Council, and £1.1 billion from local authorities: local councils, therefore, are key funders and cuts in their budgets potentially have a significant impact on the sector. There is a high degree of regional variation to the cuts. We heard that arts and culture were viewed by some local authorities as the "soft" areas which would be cut to continue to provide statutory services in the face of reductions to the overall local authority allocation. If the cuts to local authority allocations continue as expected to 2020, some local authorities said that would have no choice but to fund only statutory services, and would be forced to cut funding to culture and heritage. Others like the Local Government Association commented that:

Research from the New Local Government Network shows that the rate of reduction for arts and culture funding is less than that for spending overall, suggesting councils have tried to protect these services where they can. However, there are still significant challenges ahead for councils who will have to make savings to compensate for any additional cost pressures they face.²²

18. We received multiple submission on the impact of cuts. The Museums Association 2015 Cuts survey showed that one in five regional museums has either closed, or plans to close part of their museum, and one in ten is considering introducing entry charges.²³ Five museums in Lancashire have been threatened with closure this year after council funding went from £1.3 million to £98,000 per annum.²⁴ There is a similar picture in Shropshire²⁵ and the Dewsbury Museum, in West Yorkshire, which had been renovated

21 <https://www.gov.uk/government/speeches/chancellor-george-osbornes-spending-review-and-autumn-statement-2015-speech>

22 (COC0036) Local Government Association

23 <http://www.museumsassociation.org/download?id=1155642>

24 (COC0038) Museums Association

25 (COC0029) Friends of Ludlow Museum

in 2010, has recently closed. In evidence, the Independent Street Arts Network (ISAN) stated that festivals funded by local authorities were disappearing, like Chelmsford City Diversions festivals,²⁶ and this was a pity as outdoor festivals had higher representation from the least engaged.²⁷ The Association of British Orchestras cited the example of Derby where the withdrawal of local authority funding for the concert hall meant there was nowhere for orchestras to perform.²⁸ HLF research also highlighted regional variations in the impact of local authority budget cuts. Yorkshire and the West Midlands have seen a cut of 25% for heritage since 2011. In the West Midlands, there has been a 51% cut to expenditure for local authority owned historic buildings and a 32% cut to conservation planning policy.²⁹ Where local authority funding continues to exist, it can play a valuable role. The Presteigne Festival commented that although local authority funding had been cut by 30%, the continuation of some support from Powys County Council has allowed them to conduct outreach with schools and the disabled.³⁰ The North East Cultural Partnership described the impact of cuts on its region:

The net reduction to local authority funding in the North East since 2010 is over 40% and will exceed 50% by 2019. The impact on all non-statutory services has been massive. Particularly vulnerable have been the museums and libraries, where funding is usually from a single local authority.³¹

19. In the coming year up to 2020 this downward pressure on local authority budgets is expected to continue, with the key Revenue Support Grant expected to halve in the next five years (from £11.5 billion in 2015 to £5.4 billion in 2020). The picture in the devolved regions is equally challenging. In Wales, heritage spending has decreased by 47% with maintenance of local authority buildings being the hardest hit. In Scotland, spending on heritage has decreased by 14%.³²

20. ACE described this situation as the biggest challenge currently facing arts and culture. In written evidence, ACE said that a continuation of such cuts will directly lead to closures.³³ ACE also underlined that they cannot be the funder of last resort and would have to consider withdrawing funding if they suspected that an institution was failing.³⁴ HLF urged any museum or gallery that was facing the risk of closure to get in contact with them promptly to discuss handling and possible options. In evidence, Minister for Culture, Matt Hancock MP, said: “It is always sad when a museum closes. Life is dynamic and there are new museums opening, too”.³⁵

21. The cuts have triggered changes. In some places, local authorities are adapting with new management models and approaches to income generation. In other places, the impact of cuts is also being seen in reduced opening hours, asset disposals, reduced maintenance and hasty transition to trust status. ACE flagged the risk that people in areas of low arts take-up might suffer more, but said that they would seek to alleviate this risk through their Creative People and Places programme, which has invested £37 million

26 HC 114 Q260

27 [\(COC0013\)](#) Independent Street Arts Network

28 HC 114 Q295

29 [\(COC0114\)](#) Heritage Lottery Fund

30 HC 114 Q266

31 [\(COC0030\)](#) North East Cultural Partnership

32 [\(COC0114\)](#) Heritage Lottery Fund

33 [\(COC0115\)](#) Arts Council England

34 HC 864, Q 84

35 HC 114 Q351

to date and reached 450,00 people in the first year.³⁶ The White Paper announced the Cultural Citizens programme, which is aimed at 14,000 children from 70 different areas with low cultural attendance, and will provide cultural experiences to inspire them. At the time of writing, pilots for this scheme have begun and will be reviewed after one year of operation.³⁷

22. The Chief Culture and Leisure Officers' Association (CCLOA) are concerned that the biggest cuts are likely to fall in areas where the cultural offering is already weak, or where wider socio-economic disadvantage and market failure have created a dependency on public sector investment.³⁸ The Museums Association flagged the risk that some areas could become "cultural cold spots".³⁹

23. The biggest impact of local authority cuts to culture is likely to fall where the cultural offering is already weak with the result that those with most to gain from cultural investment will lose out. We welcome the ACE programme Creative People and Places targeted at areas where cultural participation is below the national average. However this funding is limited and cannot come close to, nor is it designed to, replace funding by local authorities. Even with the welcome announcement of the Cultural Citizens programme and pilot, there is a danger that, contrary to the Government's stated wish to make culture more accessible, it will become less so. *We will follow the outcomes of the Cultural Citizens pilot scheme with interest but we strongly reinforce the need for cultural policy, especially in current circumstances, to focus on accessibility of culture and support for the cultural infrastructure, and for this to be given a higher priority in terms of the funding to match this ambition.*

24. There were also concerns that the scale and speed of the cuts did not give the sector adequate time to find alternative funding or develop the skills needed to construct alternative business models or professionalise fundraising skills, and several contributors felt that this was particularly challenging outside the larger cities.⁴⁰ LARC commented that "growth in private investment and earned income is not yet fast enough to replace lost revenue from public spending cuts."⁴¹

25. When we asked the Minister for Culture about the difficulties faced by some local authorities in funding anything beyond statutory services, he replied:

What we want to do, through the Arts Council, is reward local authorities that put money into culture. We do not want to turn up to places that cut the cultural activities and pick up the pieces ... Of course, I will work with places like Lancashire that make the opposite decision, but they should not expect that they will get special treatment because they have made a politically motivated decision to cut museums They can choose to reform the way they operate to be more efficient and effective, as lots are doing ... I think the fact that many local authorities are able to continue

36 HC 864, Q84 and <http://www.artscouncil.org.uk/funding/creative-people-and-places-fund>

37 HC 114 Q321

38 [\(COC0109\)](#) Chief Culture and Leisure Officers Association and [\(COC0084\)](#) Liverpool City Council

39 [\(COC0038\)](#) Museums Association

40 [\(COC0022\)](#) Tyne & Wear Archives and Museums

41 [\(COC0103\)](#) Liverpool Arts Regeneration Consortium (LARC)

to support non-statutory things like culture while some others do not shows that those that do not should be working harder to make their local authorities more efficient.⁴²

26. The impact of Council budget cuts has resulted in very varied responses locally. There remains a risk that as reductions in local government allocations continue, local authorities will only have resources to cover statutory services and will consequently reduce funding for culture. We recognise that it is difficult for local authorities to sustain expenditure on cultural objectives at present. However, some have prioritised it and have shown considerable leadership and initiative in this regard.

27. Our last report on the work of the Arts Council particularly examined the funding imbalance in favour of London at the expense of tax payers and lottery players in other parts of the country. There has been some, limited progress on this imbalance since the last report.

28. With regard to funding for ACE for 2015–18, it receives £1.1 billion from government and £700 million from the National Lottery. Between 2015 and 2018 ACE will invest £1 billion in 663 National Portfolio Organisations (NPOs) and 21 Major Partner Museums (MPMs), largely through Grant in Aid. ACE will also allocate £210 million through the Grants for the Arts based on National Lottery funding, and £104 million annually through their Strategic Fund (which includes Creative People and Places, Strategic Touring and the Museums Resilience Fund)⁴³. At the time of our last report, ACE spent 40% of its National Lottery funding in London, and we welcome the fact that the current figure is 30% and on track to be 25% by 2018. In October 2016, the Arts Council England announced their spending plans for 2018–22, which includes an additional £37 million per year to increase the proportion of the NPO budget spent outside London.⁴⁴ London currently represents 35% of the total NPO and MPM portfolio, although ACE have highlighted in written evidence that 55% of London NPOs tour outside London; the Musician’s Union concurred.⁴⁵ ACE also highlighted that per capita spend in key cities, like Manchester and Liverpool is much higher than the regional average, so that these cities can act as regional cultural hubs. Several submissions stressed concerns nonetheless about the continuing disparity of funding between London and the regions.⁴⁶ Visual Arts South West highlighted that the South West is the largest region geographically, but receives the lowest ACE subsidy.⁴⁷

42 HC 114 Q337 and Q339

43 (COC0115) Arts Council England

44 http://press.arts council.org.uk/press_releases/arts-council-englands-ambitious-2018-22-investment-emphasises-geography-and-diversity

45 (COC0051) Musicians’ Union

46 (COC0099) Arts Development UK

47 (COC0108) Visual Arts South West

Box 5: Case study—touring by NPOs

- 37% of the Royal Opera House theatre audience, 44% of its schools matinee audience and 80% of its cinema audience live outside London
- Southbank Centre reaches around 1 million people a year across the country through its touring programme
- English National Ballet has developed a national partnership model for Dance for Parkinson's, with partnerships at University of Roehampton, Merseyside, Ipswich, Oxford and Cardiff
- 46% of the National Theatre's total UK audience in 2014/15 was outside London
- Welsh National Opera tours its main productions to Plymouth, Bristol, Southampton, Oxford, Milton Keynes, Birmingham and Liverpool.⁴⁸

Source: Arts Council England

29. Whilst we welcome the fact that Lottery funding is increasingly spent outside London, we remain concerned that 42% of Grant in Aid currently goes to London⁴⁹ (and indeed this would have been higher if the Royal Shakespeare Company in the West Midlands had been excluded). The recipient of the largest Grant in Aid has been the Royal Opera House, with between £24 and 25 million each year from 2012 until 2018.⁵⁰ This is not to say that the cultural organisations in London in receipt of DCMS and ACE funding are not worthy recipients. When questioned about the balance of funding in ACE between London and the regions, the Minister for Culture said that: "There is a balance to be struck here between backing excellence and making sure that there is a fair spread".⁵¹

30. In their submission GPS Culture⁵² called on the Mayor of London and London local authorities to do more to fund culture; at a time when budget cuts are affecting other parts of the country, they argued that London authorities should take on a greater responsibility for institutions like the South Bank.⁵³ The Mayor of London disagreed, arguing that ACE funding for London was increased in 1986 when the Greater London Council was abolished and recognised that "cultural organisations in the regions deserve strong investment but this should not be at the expense of London" and "no further rebalancing should be considered until their impact can be measured fully".⁵⁴

31. Other cultural grant allocating institutions have shown a better regional spread and balance, without compromising quality. We note that the Heritage Lottery Fund spends 20% of its budget in London, with funds up to £2 million allocated on a per capita basis and 90% of funding decisions being taken locally. HLF also stated in evidence that it spends 53% of its money in the most deprived regions of the UK. Historic England meanwhile spends 20% of its funds in London.

48 [\(COC0115\)](#) Arts Council England

49 [\(COC0115\)](#) Arts Council England

50 <http://www.artscouncil.org.uk/our-investment-2015-18/national-portfolio-organisations>

51 HC 114 Q324

52 GPS Culture are Christopher Gordon, David Powell and Peter Stark and they were the authors of the Redressing Cultural Capital report.

53 [\(COC0024\)](#) GPS Culture

54 [\(COC0083\)](#) Mayor of London

32. **We welcome the large proportion of funding that the Heritage Lottery Fund spends outside London. However, we are concerned that the largest sums of money that ACE allocates, through Grant in Aid, are still disproportionately given to London-based National Portfolio Organisations and Major Partner Museums, even if many of those NPOs and MPMs tour the country or collaborate with regional and local cultural organisations. We recognise London as a leading cultural asset, but would still like to see a better regional balance, particularly with regard to ACE Grant in Aid expenditure. We believe that cultural organisations in London have more opportunities to increase revenue through alternative streams than organisations in other parts of the country, through sponsorship and philanthropy for example. (We develop this point further in Chapter 5.)**

33. We also explored issues around sustainability and scale. Several organisations commented that there had been a tendency to fund large-scale projects, with lots of capital investment, but these projects had high running costs that local councils were unable to assist with in the current climate. This was a particular concern with HLF projects, where, in evidence, it was clear that HLF could only assist with a new project and not fund anything that was on-going, “we are a project funder rather than a revenue funder”.⁵⁵ ACE demonstrates more flexibility through the Grant in Aid that it has offered for NPOs and MPMs. The HLF is increasingly looking for business-driven models, where commercial returns are available. When we discussed this point with the Minister for Culture he said:

The Arts Council has moved in that direction of making sure that a proposal has a business case as well as a really good cultural offer to make sure that it is sustainable into the future. I think we could see more progress in that direction, both from the Arts Council and from the Heritage Lottery Fund. The Lottery, by its nature, has to give project funding—it cannot give ongoing funding—but you can ensure that a project has built within it the capability to be sustainable in the future.⁵⁶

34. **Future revenue and sustainability are essential to the viability of any heritage or culture investment, particularly in the context of limited public funding. We recognise the progress that both the HLF and ACE have made in this regard.**

35. Whilst the context is certainly challenging, the culture sector is also responding innovatively. The sector has developed new models, new partnerships and new income streams, which will be explored in the following chapters. However, one broad point that is worth underlining in this section on the funding context is the increasing importance that is placed on evaluation and measuring impact. The Arts Humanities Research Council (AHRC) recently produced a significant report on assessing cultural value, the result of three years’ study.⁵⁷ It said there was much more to be done to improve evaluation in the sector: the sector had been good at making the case for investment, but lacked robust methodologies to show how public funding contributes to wider social and economic goals. It argued that the sector needs to put the individual at the centre of evaluation and work outwards, to understand the benefit for communities, for public health, urban life

55 HC 864 Q223

56 HL 114 Q342

57 <http://www.ahrc.ac.uk/documents/publications/cultural-value-project-final-report/>

and regional growth. ECORYS recently produced a report for DCMS which drew similar conclusions, concluding that there was a relatively consistent approach when evaluating the economic impact, but no comparable methodology for examining the wider impact.⁵⁸

Box 6: Case study: Evaluating impact—the Turner Contemporary

The Turner Contemporary submitted evidence to the inquiry and recently produced its social value report based on an evaluation by Canterbury Christ Church University.⁵⁹ Since the gallery opened in Margate in 2011, it has encouraged two million visits to the town, 48% of whom came to Margate to specifically visit the Turner Contemporary. The Net Additional Visitor-related Expenditure (AVE) of the Turner Contemporary was evaluated at £7 million and creating 100 full-time jobs. The study also evaluated social return on investment by quantifying the value of increased knowledge of art, increased feeling of connectedness and being more open to new experiences, and examined this also for those participating in lifelong learning and educational opportunities, where the return on investment was 4.09 and 5.15 times the cost respectively. The report also evaluated the impact outside the Gallery, in terms of social value to local retailers and local artists, and 90% of those who had engaged with the gallery thought it was good for the town.

36. We welcome the new sense of debate around the issues of evaluation and impact. Whilst we recognise the intrinsic value of culture, we must also be conscious of the value and impact of cultural investment, not just in economic terms, but across the range of policy areas. Evaluation needs to be more consistent, to enable comparisons to be made, so that those bodies which award funding can be assured that public investment is having the intended impact, and can prioritise funding to the areas where it will have the most impact.

58 http://www.artspromotional.co.uk/sites/artspromotional.co.uk/files/ecorys_report_-_local_economic_impacts_from_cultural_sector_investments_0.pdf

59 <https://www.turnercontemporary.org/media/documents/COaST%20Turner%20ROI%202015-2016%20FINAL%202.pdf>

3 New income streams

37. Given the constraints of public investment, the mixed economy model with greater emphasis on revenue generation, philanthropy and sponsorship is here to stay. The Chair of ACE, Sir Peter Bazalgette recently described the mixed economy model as a three-legged stool, made up of public investment, earned income and charitable donations, with a need to stabilise public investment and diversify incomes.⁶⁰ That mixed economy model does pose challenges, however. Arts and heritage get a relatively small proportion of UK philanthropic donations and fall far behind more popular causes such as animal welfare and medical charities. As Sir Peter Bazalgette said in evidence:

We did some research three or four years ago that showed that only 8% of the population recognised arts and culture organisations as charities. That is a marketing communications challenge, because arts and culture organisations have to go in and compete with health charities and the like to get some of that money. There is still a mountain to climb in a way, because I think instinctively a lot of arts producers and arts professionals quite understandably say, “I am an artist.” They do not say, “I am a charity,” but they need to say, “I deliver these public benefits”—that is an object of charity—“and therefore we would be a good recipient.” There are some things to learn and we can get better, but it is improving.⁶¹

38. Buxton Festival pointed out that, with low interest rates affecting their income, there is greater competition for more limited funding from trusts and foundations.⁶² There is a regional balance angle to the mixed economy model too, as numerous submissions highlighted the difficulty of securing donations outside the capital. ACE has shown that it recognises this challenge, by allocating 70% of its £70 million Catalyst fund (which develops fundraising skills) to areas outside London⁶³ but London still gets the overwhelming majority of arts philanthropy. **There remains a challenge in obtaining donations for cultural organisations and some cultural organisations do not see themselves as charities. ACE commented that this mentality was hard to shift. We would like to see an awareness-raising campaign led by DCMS, which now also has departmental responsibility for civil society, to ensure that all arts and heritage organisations which qualify for charity status and benefits do so.**

39. There have been some great success stories of how the sector is responding innovatively. Various entities had experimented with different ticket pricing schemes. For example Glossop Music Festival had adopted a “pay what you think it is worth” scheme and an increased emphasis on donations, on which they could claim Gift Aid, exceeding what they would have earned through traditional ticketing.⁶⁴ Others who utilised “pay what you think it was worth” commented that whilst revenues remained broadly similar, it did increase participation, which they expected to lead to higher levels of engagement in the future. ACE stated that the NPOs have increased earned income by 25% in the last three

60 <http://www.artscouncil.org.uk/document/business-arts-sir-peter-bazalgette>

61 HC 864 Q75

62 ([COC0054](#)) Buxton Festival and ([COC0003](#)) Worcester Live

63 HC 864 Q71

64 ([COC0019](#)) Glossop Music Festival

years, for example by introducing better catering facilities, by renting out office space and by using their locations as a set for TV or film and by selling goods where they have recognisable brand.⁶⁵ Others are working with partners to develop new retail products to increase revenue.⁶⁶ From our visit to the Potteries Museum in Stoke on Trent, we heard about the exhibition they had organised of Downton Abbey costumes, incorporating some of their own collection to supplement the costumes, and hosting innovative events like a Murder Mystery evening, based around the Downton theme, to maximise revenue from the exhibition.

Box 7: Case study: Increased revenue generation by the New Vic Theatre

The New Vic Theatre in Newcastle-under-Lyme is now the only Arts Council National Portfolio Organisation in the whole of Staffordshire. It used to receive 60% of its funding from public investment, and 40% from revenue generation. It has succeeded in reversing those proportions in the last five years, effectively increasing its income generation by 50%. It has done this without compromising its social values, and has continued to support accessibility and diversity. The New Vic has deployed a more graduated ticket pricing model, with affordable tickets for young people and the unemployed, whilst also developing its Business Friends scheme and building up a sense of engagement from its tiered patrons.

Box 8: Case study: Derby Museums increasing commercial income through partnerships

Derby Museums currently operate with 20% earned income, 55% in grant from the local authority and 25% from ACE. The museums expect zero financial support from the local authority by 2018/19. They have explored various means to increase revenue. They have increased earned income from 2% to 20% in three years. For example, Derby Museum developed a partnership with Rolls Royce which meant they were commissioned to produce an exhibition on a new jet engine for the company and charged a commercial rate.

40. A number of organisations had successfully developed active “Friends” associations. The most successful of these allowed a relationship to develop between the Friends and the cultural organisation, for example, through access to backstage events or specific Friends events. Beamish Museum has created a Friends of Carers programme which utilises their 1940s cottage to work with carers and those who suffer from illnesses like dementia.⁶⁷ The Canals and Rivers Trust has created a network of over 15,000 Friends, generating over £1 million of unrestricted income a year for the charity.⁶⁸ Some organisations commented that it was easier to fundraise or utilise their Friends schemes for specific projects or tasks, like an urgent repair, an extension or additions to the collection, rather than running costs like insurance, heating and staffing costs. The Whitworth (which won the National Art Fund’s museum of the year in 2015) has developed an extensive Friends⁶⁹ scheme, with specific events, talks, and concerts, and has used the revenue generated to buy new works from David Hockney and Paul Klee to add to their collection.

65 <http://www.artscouncil.org.uk/document/business-arts-sir-peter-bazalgette>

66 (COC0062) Norwich University of the Arts

67 <http://www.beamish.org.uk/support-us/friends-of-beamish/>

68 (COC0106) Canals and Rivers Trust

69 <http://www.friendsofthewhitworth.org.uk/>

41. Numerous submissions stressed how difficult it was to secure corporate sponsorship outside of London.⁷⁰ For example CIF told us that, even after a successful West End run, the National Theatre could not find regional sponsorship to tour *War Horse* or *The Curious Incident of the Dog in the Night-time*.⁷¹ The Association of British Orchestras commented that when their members approached bigger names in their region, these companies would often have to consult headquarters based in London and the answer was often no. The Little Theatre Guild concurred with them.⁷² Companies or foundations with a strong regional identity were more receptive but few in number. During our visit to Stoke-on-Trent, though smaller, public-minded local businesses do provide valuable support, bet365 was mentioned as the only major company headquartered in the area to which arts and cultural organisations can turn when it comes to asking for major financial support. ISAN cited the value that sponsorship from Cranswick, had played in Hull.⁷³

Box 9: Case study: the transformative effect of local sponsorship

Cranswick is a key sponsor for the Hull City of Culture project, after sponsoring Hull's Freedom Festival for a number of years.⁷⁴ Cranswick is a food producer and supplier, employing 4,000 people in East Yorkshire. The CEO of Cranswick announced this partnership saying "we recognise the boost that arts and culture can give to the social and economic regeneration of an area. As one of the region's biggest employers, we welcome the opportunity to be at the heart of this transformation."

42. The Creative Industries Federation (CIF) argued that we need to incentivise greater corporate giving and should consider something like the Rouanet Law in Brazil, which allows companies to offset donations to the cultural sector against the corporate tax bill.⁷⁵ **The Government should consider how to incentivise greater corporate sponsorship and regionally-based philanthropy, including through tax incentives where appropriate.**

43. In written evidence several organisations commented on restricted clauses in tax break schemes, such as temporary exhibitions tax credit where the credit was only applicable to exhibitions that last less than one year, and made the case that for smaller entities a one year exhibition would be too resource-intensive and expensive to justify, thus the credit was only effectively applicable to larger organisations.⁷⁶ The Association of Independent Museums also raised issues around VAT regulation and reform of business rates by allowing museums to be valued on the lower "educational" decapitalisation rate, rather than the higher commercial rate. Several submissions also commented on the complexity of Gift Aid rules.⁷⁷ In evidence, several organisations commented that the incentives around tax breaks on charitable donations resulting in a reduction in estate duty are not well enough known. ***We call on DCMS to work with the Treasury to conduct an impact assessment of the various tax incentives, business rates, VAT regulation and Gift Aid rules on cultural organisations. The Government should also consider expanding existing tax breaks for the cultural sector, further simplifying the Gift Aid scheme, and***

70 (COC0065) What Next? Newcastle Gateshead

71 HC 114 Q285

72 HC 114 Q304, (COC0015) Association of British Orchestras and (COC0012) Little Theatre Guild of Great Britain

73 HC 114 Q276

74 <https://www.hull2017.co.uk/discover/article/cranswick-announces-city-culture-partnership/>

75 HC 114 Q275

76 (COC0027) Association of Independent Museums

77 (COC0027) Association of Independent Museums, (COC0020) The Crafts Council, (COC0078) The Contemporary Visual Arts Network

publicising the estate duty relief schemes. We understand that HM Treasury wishes to use such incentives sparingly, as there is an immediate impact on government income, but ultimately efforts in this area could result in organisations being less dependent on public financing in the future.

44. With a greater emphasis on revenue generation, there are greater demands for professional skills in areas such as fundraising, marketing and sponsorship.⁷⁸ ACE has developed the Catalyst fund to support fundraising skills and help organisations make a step change in their ability to attract private giving, incentivised by match funding. HLF has created its Resilient Heritage Fund too.⁷⁹ But there is still a need to continue to develop this capacity in the sector. The demand for support in the areas remains high (the last Catalyst tranche had 305 applications, 276 met the criteria set, and 140 were funded, so the fund was only able to support half of the adequate proposals). Also, 67% of the Catalyst fund was allocated to existing NPOs, so there is a risk that the bigger entities receive support, at the expense of smaller organisations, who may need it more. *We support the efforts by ACE and HLF to develop revenue generation and fundraising skills, in order to improve resilience, and would like to see more focus on this area given that it is unlikely that the current funding challenges will recede. We believe that grants to DCMS directly-funded institutions, National Portfolio Organisations and Major Partner Museums, and Heritage Lottery Funding recipients should be conditional upon them sharing best practice with local cultural organisations to improve their skills in revenue generation.*

45. *Some cultural organisations had successfully increased their revenues, in the face of public funding reductions, whilst also holding onto their social objectives. DCMS should develop more case studies to showcase innovation in revenue generation, across the arts and heritage sectors, which may be able to learn from each other, and make this available across the sector.*

46. Given the prominence of the UK's culture and heritage in terms of 'soft-power', and the success of the various international exhibitions, like the Bury Museum exhibition in China (see case study in Chapter 2), and the V and A, as well as many other national institutions, we believe there is scope for a higher level of cultural exports, through touring, loans and exhibitions, which could provide an additional source of revenue too. *We call on the new Department for International Trade to work with cultural partners, including ACE, British Council and national institutions to do more to develop cultural trade delegations and international links to showcase UK cultural strengths.*

78 (COC0080) Cornwall Council and (COC0044) Cornwall Museums Partnership

79 HC864 Q189

4 New operational models

47. Looking at alternative business models has been one way of approaching the new financial constraints for many cultural organisations, as identified by ACE and the Local Government Network. Local authorities are experimenting with co-operation across local boundaries and looking for efficiencies by involving the community. We were told that the ability of local museums to secure external investment or donations is restricted by being part of the local authority, as some donors cannot or will not give money to local authorities.⁸⁰

48. In terms of the development of new operational models, there was extensive debate. Many local authorities were considering new operational models, according to survey data provided by the Chief Cultural Leisure Officers' Association (CCLOA), the most popular of which were externalising service delivery through a Trust, transferring assets to a community group and sharing services with another local authority, as demonstrated by the joint working between High Peak Borough and Staffordshire Moorlands District Councils during our visit to Buxton. The National Museum Directors' Council argued that, as local authority museums move to trust status, they need greater freedom and flexibility to trade, so that they can invest major donations over a period of time (rather than spend donations in one year) and have more flexibility over opening hours, for example. Some local authorities said it was too early to evaluate the impact of changes, but others estimated savings to be between £100,000 - £500,000 per annum.⁸¹ However, other organisations commented that the development of new business models was costly in terms of capital investment, staff expertise and transition costs.

49. HLF cautioned against a rush for trust status. The Chair of the Heritage Lottery Fund said:

One particular concern is that you can't shuffle off the financial responsibility from your books as a local authority by creating a trust and letting it go. It is very important to have a long stream of tapered funding to make sure that new organisation, that new trust, can be secure for five to 10 years. There must be a stream of funding. It does not solve all your financial problems with one single stroke. The local authority has to recognise it is only creating a trust. It still retains responsibility for those artefacts, the collection itself and probably the buildings as well. It still has a responsibility to safeguard it. There is no easy solution. Trust status could be the answer in many cases but it must be done properly, thoughtfully and be well managed.⁸²

50. There have been some innovative models and experiments. For example, Hastings Pier used an extensive crowd-funding and community share scheme to generate over £590,000 in 2014⁸³ towards the restoration of the pier, as well as creating a community of 3,000 shareholders who are actively engaged in the project. HLF highlighted the use of social investment tax relief, which had been used by Clevedon Pier.⁸⁴ It means that individuals can deduct 30% of their social investment cost from their income tax liability,

80 [\(COC0017\)](#) Friends of the Potteries Museum and Arts Gallery

81 [\(COC0109\)](#) Chief Culture and Leisure Officers Association

82 HC 864 Q218

83 http://www.crowdfunder.co.uk/uploads/hastingspier/hpc_business_plan_apr_2016.pdf

84 HC 864 Q230

provided that the social enterprise has been recognised by HMRC. The White Paper also included a useful pilot on crowdfunding. However, others cautioned that the development of new models requires an investment of resources that are not readily available in the current climate (capital, staff, systems and so forth). Costs of setting up business model changes can be prohibitively expensive, and the cost of transition can prevent initiation.⁸⁵

51. Moving to a ‘hub’ structure, where a group of cultural organisations shares some functions, whilst still being individually managed, has brought benefits where it has been implemented. It can help ensure that staff build up necessary skills on issues like insurance, security and transport, and establish deeper relationships with national lending institutions. It allows some curatorial knowledge and expertise to be retained and developed. The National Museum Directors’ Council highlighted a number of best practice examples of hub or shared services:

The Cornwall Museums Partnership, Tyne & Wear Archives and Museums and the Manchester Museums Partnership have all demonstrated the benefits of a group of museums in a locality sharing some functions—both formally and informally—as a way of ensuring their income has the greatest public impact. Many of these partnerships have formed as a response to the reduction in available local authority investment, but require the political will of local authorities to maximize their potential. It should be noted that the recent Welsh Museums Review set out proposals for regional hubs and therefore the realizing of economies of scale. Museums in Northern Ireland have undergone similar changes because of the merging of local authorities.⁸⁶

52. Other museums have operated in partnership, for example, the Harvey Gallery, Derby Museum and Art Gallery, Nottingham Contemporary and Chatsworth House collaborate on the ‘Grand Tour’, with each museum curating an exhibition from their own collection and touring it to the other venues.

Box 10: Case study: Success through the hub model for Norfolk Museums

Norfolk Museums have successfully operated in a hub structure on a county-wide basis since 1974, incorporating 10 museums. Its success has been recognised and it has received ACE funding as an MPM. Norfolk Museums collaborate with the British Museum, Natural History Museum, the Tate and the Imperial War Museum. It is not a one-directional partnership; it is mutually beneficial. For example, Norfolk Museums Service has contributed artefacts from their collection to the recent British Museum exhibition on the Celts.

53. The inclusion of culture and particularly the museum sector on Local Enterprise Partnerships (LEPs) was also seen as useful. Norfolk and Suffolk have combined to create an East Anglia LEP, and have created a Cultural Board, which places a strong emphasis on cultural tourism. The LEP strategy included cultural tourism as a way of attracting visitors to the region, and also in terms of making the region a desirable place to work and live, offering a better quality of life.⁸⁷ Similarly in Cornwall, the Cornwall Museums

85 [\(COC0102\)](#) Liverpool Biennial

86 [\(COC0112\)](#) National Museums Directors Council

87 [\(COC0047\)](#) East Anglia LEP

Partnership is represented on the LEP and has also qualified for MPM funding.⁸⁸ The Kent Cultural Transformation Board includes cultural organisations, national and local partners to grow the cultural and creative sectors, supported by Kent County Council.⁸⁹ The British Hospitality Association argued that few LEPs had included tourism at the centre of local economic strategies.⁹⁰ Others commented that if LEPs include culture as part of their economic priorities, they should also be involved in the funding decisions of arm's length arts and heritage bodies.

Box 11: Case study: linking cultural and economic strategies

The Whitworth Museum in Manchester has ensured that its strategic vision is closely aligned with the city's economic strategy. For example, it held a major exhibition on contemporary Chinese art, by collaborating with a Swiss collector, to coincide with the launch of direct flights between Manchester and China. It was the collection's only showing in the UK before exhibited in the M+ museum for visual culture in Hong Kong.⁹¹

54. There is no 'one size fits all' model of organisation, nor indeed can new structures provide a panacea to the current funding challenges, but bodies like the New Local Government Network can help others assess what would be most appropriate in the local circumstances, and are currently conducting research into community asset transfer, for example. Although trust status may seem to solve problems in the short term, it needs to bring concomitant powers and flexibility to enable local authority museums to thrive in the longer term. Hub models and inclusion of culture into the local LEP both seem to be helpful, but cannot by themselves provide a sufficient response to the current funding challenges. Other approaches may help too and we await the outcome of the pilot on crowd-funding with interest.

88 [\(COC0044\)](#) Cornwall Museums Partnership

89 [\(COC0089\)](#) Kent Cultural Transformation Board and [\(COC0094\)](#) Kent County Council

90 [\(COC0086\)](#) British Hospitality Association

91 <http://www.whitworth.manchester.ac.uk/whats-on/exhibitions/upcomingexhibitions/msiggcollection/>
<https://www.creativereview.co.uk/reimagining-the-museum/>

5 The importance of partnerships

55. **One theme which came out very strongly over the course of this inquiry was the importance of partnerships. Partnerships are essential, particularly when operating in a financially challenging climate. Partnerships between cultural organisations and local authorities, with the education sector and with the commercial sector are all valuable.**

56. The Folkestone Triennial, a major international contemporary art exhibition, which started in 2008, is a good example of this. The Triennial is led by Sir Roger De Haan's 'Creative Foundation', with additional financial support from Arts Council England, and local authority funding. The 2014 Triennial received grants and donations worth over £2 million. During the three months of the exhibition 135,000 people visited the show making a direct financial benefit to Folkestone of £2.7 million. Media coverage for the Triennial was a major factor in its success, worth £59 million.

57. This inquiry has worked with a broad definition of culture, to include both arts and heritage. We believe there is scope for further partnerships between the arts and heritage sectors. We note that the Culture White Paper also seeks to increase the links between arts, culture and heritage. It has set up the first "Great Place Scheme"⁹² which will fund projects in areas in order to enhance arts, culture and heritage in local plans and decision-making. The scheme will award £15 million to 12 pilot projects in England and aims to strengthen the networks between culture, civic and community organisations. **We believe the Great Place scheme is a welcome contribution to bringing the arts and heritage sectors together with local communities to recognise the benefits of investment in culture, and await the outcome of the pilot schemes with interest.**

58. We received numerous submissions on the importance of education and the role it can play in supporting culture. There is huge potential in this area. 'Place making' is a way of giving expression to the character of a town or area, making it livelier and more attractive to live or work there. Universities are often willing to participate in such place making, because they want to attract students to their locality and because they recognise that a vibrant cultural life can provide employment after studies are completed. For example, the University of Hull had played a strategic role in the City of Culture bid from Hull, and will also play a role in researching and evaluating the impact of the bid, as well as supporting through providing venues and marketing events. ACE cited MIMA (Middlesbrough Institute of Modern Art) which is part of Teesside University, and sees itself as a civic institution promoting art for social change.⁹³ The Arnolfini and University of West of England have also set up a partnership focused on Bristol's harbour side and Bath Spa University supports the Literature Festival, the International Music Festival and the Children's Literature Festival.⁹⁴ Similarly when we visited Buxton, the University of Derby explained how they saw their role in place making in the local area. The Creative Industries Federation cited the example of High House, where an individual fought for funding to build the infrastructure, and where the Royal Opera House now has its set design workshop. It has become a skills academy and a national college, and links closely with the local schools in Thurrock.⁹⁵

92 <https://www.greatplacescheme.org.uk/>

93 <http://www.visitmima.com/about/>

94 (COC0081) Bath Spa University

95 HC 114 Q262 and further detail in (COC0092) from the Royal Opera House

59. **Culture is more likely to flourish, and be accessible to more people, where partnerships are strong. There is already strong collaboration between the culture and education sector, and the potential to do even more together. We welcome the inclusion of references to the roles of the Department for Education (DfE) and Department for Communities and Local Government (DCLG) in the Culture White Paper; we wish to see this collaboration continue and go further.**

60. Some of the most successful cultural partnerships include a broad base, incorporating culture, education, local authorities and the business sector. We received evidence from the North East Cultural Partnership (NECP)⁹⁶ which includes 12 local authorities, five universities, with support from the NE Chamber of Commerce and arts and heritage organisations from across the region, and which ensures that the cultural strategy is linked and integrated into the wider socio-economic agenda. The NECP has also developed a network of subgroups, including universities, businesses and festivals, and user and provider groups. Partnerships enable cultural organisations to play a key role in delivering a variety of policy objectives.⁹⁷

Box 12: Kelvin Hall—an ambitious partnership

Case study: during our visit to Glasgow the Committee visited Kelvin Hall,⁹⁸ which represents a partnership between Glasgow City Council, Glasgow Life, the University of Glasgow and the National Library of Scotland to create a huge multi-functional space for sports, culture and community groups. The vast site, Phase 1 of which has recently opened, will include storage for two million objects from the Hunterian Museum and Glasgow Museums' collection, the largest gym in the city, community/school learning facilities and digital access to the collections through a single portal. It has been funded by a partnership of the Scottish Government, Glasgow City Council, Historic Environment Scotland, the Heritage Lottery Fund, and Glasgow University.

61. There is also great potential for partnership between the cultural and tourism sectors. Britain's rich and varied cultural offering is a major draw for overseas visitors, who spend £2.5 billion per year that can be attributed to cultural tourism, according to Visit Britain.⁹⁹ In all, 27% of overseas visitors go to an art gallery or museum and 47% of visitors to National Museums are overseas visitors. Tourism plays an important part in strengthening the UK's soft power by exposing international visitors to our culture whilst supporting the local economy. The benefits of collaboration between culture and tourism are clear. The Visit Britain Excellence Awards in 2016 selected the Whitworth Museum in Manchester, the Brunel Museum in Bristol and the Beamish Museum in County Durham as the top visitor attractions in the country.¹⁰⁰

96 [\(COC0030\)](#) North East Cultural Partnership

97 [\(COC0063\)](#) Bristol Music Trust

98 <http://kelvinhall.org.uk/>

99 [\(COC0040\)](#) Visit Britain and Visit England

100 <http://www.visitenglandawards.org/about-home/winners/winners-2016>

62. Collaboration between ACE and Visit Britain has increased in recent years and was formalised in a strategic partnership between the two organisations in 2013. One of the outcomes of this strategic partnership was the Cultural Destinations programme, which allocated £3.2 million over three years with joint bids from ten areas submitted by consortia including at least one cultural organisation and one destination organisation.¹⁰¹

Box 13: Case study: Lincoln as a Cultural Destination

Lincoln was one of the areas selected for the Cultural Destinations programme,¹⁰² and a programme of events was created around the 800th anniversary of the Magna Carta, because Lincoln Castle holds one of the four surviving copies of the 1215 Magna Carta. Research by tourism organisation Visit Lincoln has shown the visitor economy grew to £190 million, a rise of nearly 8% from £176 million in 2014, and that visitor numbers had grown by 9% as a result.

63. The next round of funding for Cultural Destinations closed in August 2016, and the successful bids will be announced in the New Year. Cultural organisations could also be part of bids under the newly created Discover England Fund, and indeed, some of the successful bids for round one of the Discover England fund will directly support cultural tourism, like the Telling Stories of England and Cultural England. The White Paper also announced the Great Place scheme, supported by ACE, HLF and Historic England to enhance the linkages between the arts and heritage sectors, aimed at maximising the return from strategically directed investment. **We welcome the partnership between ACE and Visit Britain and concur that there is great potential for collaboration around cultural tourism. However, we are concerned that the multiple sources of funding are becoming harder for organisations to navigate.**

64. *We believe there is also a need to continue to build on the collaboration between the cultural sector and Visit Britain and the other Destination Management Organisations (DMOs) and, whilst we welcome the Cultural Destinations programme, we believe increased public investment is required in this area as it has significant income generation potential.*

65. Many of our national museums, galleries and other national cultural organisations are already actively involved in partnerships, through temporary loans, temporary exhibitions, and touring. The V and A has produced a map to show the extent of its partnerships throughout the UK.¹⁰³ The British Museum has worked with 130 locations so that 7.7 million people saw British Museum objects outside London in 2015/16, on display in museums and galleries across the UK. In evidence, the British Museum cited a number of examples of the strength of these local partnerships and how successful they had been.

Many loans are arranged for their local connections. The Glenlyon and Breadalbane brooches associated with Perthshire returned there for the first time since the 19th century for an exhibition on medieval dress at the Perth Museum. Elsewhere, British Museum loans are placed in dialogue with other displays. In Salisbury, the silver Lacock Cup was set alongside

101 <http://www.artscouncil.org.uk/cultural-destinations>

102 (COC0115) ACE, and (COC0040) Visit Britain and Visit England. See also <http://www.visitlincoln.com/experiences/>

103 <https://www.google.com/maps/d/viewer?mid=1dbDO2xOMJ28QKvyALNx5HG3haug&ll=53.779373024562275%2C-2.9565379499999835&z=6>

loans from Salisbury Cathedral and local parishes. In Durham, it formed part of a record-breaking exhibition on Magna Carta, which attracted 25,000 visitors. When the early Bronze Age Mold gold cape was displayed in Wrexham in 2013, the museum saw a 400% increase in visitor figures.¹⁰⁴

66. Partnerships are not just about collections or exhibitions: they increasingly focus on the sharing of skills, resources and knowledge too.¹⁰⁵ For example the Local Government Association cited the Tate Plus network bringing together “35 cultural institutions of all sizes to support the development of the visual arts, sharing expertise and strengthening collective capacity on issues like leadership and sustainability.”¹⁰⁶ During our visit to Staffordshire, we heard about the partnership between the World of Wedgwood which holds the V and A owned Wedgwood collection. This allows the World of Wedgwood to draw on V and A curatorial expertise and knowledge and allows both to benefit from collaboration on marketing where appropriate.

Box 14: Case study: A partnership between Longford Castle and the National Gallery

Longford Castle and the National Gallery have had a close relationship for years on collecting and displaying art. Longford Castle hosts an important collection of art, including paintings by Van Dyck, Claude, Teniers, Hals and Gainsborough, as well as oriental porcelain and Brussels tapestries. Several masterpieces on display at the National Gallery, like Holbein’s ‘Ambassadors’, were once part of the Longford Castle collection. The Castle is open to the public for 28 days a year with tickets sold exclusively through the National Gallery’s on-line platform.¹⁰⁷ This retains great works of art locally, enabling them to be displayed in the sort of setting for which many of them were created, rather than being sold to a gallery in a big city or abroad or to a private collection.

67. However, the British Museum also cautioned that cuts were having an effect on the ability of smaller organisations to collaborate:

A number of our partners report a challenging funding picture, with many places undergoing reductions in staffing and resources, with some closures and mergers taking place. This context only increases the importance of effective and positive partnerships. Our national programme provides training, skills sharing, loans and exhibitions in many cases completely free of charge to support and enrich the cultural offer across the UK. However the capacity of local museums to take up this offer is reduced by the disappearance of travel budgets, the reduction of security and conservation staff to monitor loaned objects and the loss of expertise if curators are made redundant.¹⁰⁸

68. The North East Cultural Partnership (NECP) concurred that funding constraints are sometimes a barrier for outreach, commenting that touring was “sporadic”.¹⁰⁹ Save Shropshire Museums agreed, stating that “as regional Major Partner Museums face their

104 (COC0035) British Museum

105 (COC0073) Southbank Centre

106 (COC0036) Local Government Network

107 <https://www.nationalgallery.org.uk/whats-on/calendar/hinde-tours-of-longford-castle-1-16-september-2016>

108 (COC0035) British Museum

109 (COC0030) North East Cultural Partnership

own funding pressures, the amount of regional support they can provide local museums has decreased. Highly effective programmes such as the Birmingham Regional Touring Exhibitions Programme have been suspended.”¹¹⁰ Others called for greater collaboration between national, regional and local museums.¹¹¹ Witnesses agreed that franchise options for national museums or cultural institutions were limited: the Tate and the V and A had done this successfully, but that was not to say that it could be repeated throughout the country. Other witnesses concurred that it was important that culture was driven by the interests and wishes of the local community, rather than being imposed on an area by one of the national institutions.¹¹² During our visit there, Buxton Opera House underlined the challenges of enticing big shows to Buxton as promoters often wanted a guaranteed return which the Buxton Opera House could not provide. **The use of the ‘hub’ model can help ensure that there is some curatorial and sector expertise retained on a county or regional basis, but there is a risk that reductions in public investment will result in the loss of expertise, including curatorial knowledge, hindering the ability of local museums to take up offers of collaboration from national institutions.**

69. We fully support the partnerships that national institutions, NPOs and regional entities have already established and recognise that they play an invaluable role, we are concerned that funding pressures at the local level may limit such arrangements. *Whilst the hub model will be helpful in terms of building up local capacity and ability to be an intelligent borrower, we believe there is a strong case for a national body to co-ordinate lending and touring, to provide curatorial expertise on collections and also assist with practicalities and costs, such as security, transport and insurance.*

70. *We believe that national outreach should be a requirement of national funding, from the Department of Culture, Media and Sport, or from the Arts Council England for National Portfolio Organisations and Major Partner Museums. Many national institutions, National Portfolio Organisations and Major Partner Museums have developed partnerships, and indeed the Arts Council England consider outreach plans as part of their assessment already, but we believe this should go one step further and that national organisations should mentor smaller regional organisations—whether museums or galleries or those involved in the performing arts—and this should be a requirement for central government funding. We further believe that recipients should be transparent and accountable about how they are implementing it, for example by setting out percentage of target audience, percentage of time spent touring, percentage of exhibitions lent to other organisations. The Department for Culture, Media and Sport should have strategic oversight of such collaboration and partnerships to ensure that culture is accessible throughout the country.*

110 ([COC0025](#)) Save Shropshire’s Museums

111 ([COC0017](#)) Friends of the Potteries Museums & Art Gallery, Stoke-on-Trent and ([COC0032](#)) Bournemouth Borough Council

112 HC 864 Q 2 and 3 and ([COC0087](#)) We are Ipswich

6 Diversity and accessibility

71. Diversity has been discussed in the cultural sector for many years, both in terms of the diversity of audience engagement and participation, and the diversity of staff and leadership. Witnesses and submissions made it clear that diversity remains a challenge for the sector. The latest Taking Part survey shows consistently lower engagement from BME populations in arts and heritage, with a larger gap in participation on heritage.¹¹³ The Warwick Commission report found that “the diversity of the creative workforce in Britain has progressively contracted over the past five years in relation to gender, ethnicity and disability... This is compounded by the reliance on unpaid or low-paid internships.”¹¹⁴ The British Arts Festival Association cautioned that classical music was becoming white and middle class, because only middle class parents could afford to pay for lessons and this means that the country is failing to make use of talent.¹¹⁵

72. Having said that, there are creative outreach projects happening all over the country. For example, Nottingham Playhouse has developed a “micro theatre” which can tour the area, creating a theatre-like experience within a school, so that children with special needs can experience a performance without risking ‘sensory overload’. In Buxton, the Local Authority and the Opera House are working with Arts Council backing to develop the Arts Theatre, a smaller flexible space for smaller productions that would not necessarily warrant time at Buxton Opera House. This creates a performance space for more niche and specialist creative works. Others are using outreach to engage with communities that have had lower participation rates.

Box 15: Case study: the importance of engaging with the local community

The Whitworth Museum in Manchester, winner of Art Fund Museum of the Year 2015, set itself a ten year strategic objective to engage more with the local community, particularly where participation rates were low. For example, it found that although the museum had good engagement from local university students, it was not reaching 15-25 year olds who were not at university. It created a programme called Whitworth Young Contemporaries,¹¹⁶ whereby a group of local young people were involved in development and curation at the museum, organising workshops and establishing artistic residencies.

73. ACE has commissioned several reports into diversity. These reports have come up with a number of diversity challenges for the sector. For example, with regard to the general workforce the “high level of graduate recruitment in the sector and an over-reliance on degrees amongst new entrants contributes to a lack of workforce diversity in terms of socio-economic background”¹¹⁷ and “curators, exhibition staff and collections

113 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539312/Taking_Part_2015-16_Quarter_4_Report_-_FINAL.pdf

114 http://www2.warwick.ac.uk/research/warwickcommission/futureculture/finalreport/warwick_commission_final_report.pdf

115 HC 114 Q267

116 <http://www.whitworth.manchester.ac.uk/learn/studentsandyoungpeople/youngpeople/>

117 http://www.artscouncil.org.uk/sites/default/files/download-file/Equality_and_diversity_within_the_arts_and_cultural_sector_in_England_0.pdf

care specialists in museums appear to be less diverse than those in other roles.”¹¹⁸ The report also underlined diversity issues to be addressed around leadership commenting that:

Major Partner Museum boards are not representative of the communities museums serve. While data on board diversity needs to be improved, it is clear that women and black and minority ethnic people are under-represented on MPM boards. There is some good practice in recruiting for board diversity which could be more widely shared. However, even where diverse trustees are successfully recruited, this needs to be accompanied by a programme of board development to ensure new, more diverse trustees are able to challenge accepted thinking, and are not simply subsumed into the existing culture.

74. ACE has characterised its response as “the creative case for diversity”,¹¹⁹ and described it as a “collective responsibility”. ACE has come up with a number of initiatives to improve diversity. It has advised all funded organisations to pay fairly and to pay interns the National Living Wage. Further, it has begun to publish the employment profiles of larger organisations, including diversity statistics. ACE has also created a targeted programme called Change Makers Change, with a £2.6 million fund to develop a cohort of BAME and disabled leaders through a programme of targeted leadership training hosted by a NPO or MPM.¹²⁰ In evidence, the ACE leadership team was frank and open about its wish to do more on the diversity agenda.

There is an old adage that if you cannot measure it, you cannot manage it. What we have taken to doing is publishing the employment statistics of the NPOs, and we did it for the first time last December. There were NPOs with a poor record in diverse employment and that appeared in their local newspapers. It will be a factor when we have conversations with them about their next NPO deal, if there is one, but we are also measuring it and publishing it. We have been very open. We will be open with our own data. If our data goes backwards, we will admit it, because that is the best way to make a change. You have to be open about the statistics and admit where the problems are. We have been very clear on that. We are publishing the data.¹²¹

75. ACE was also conscious that a commitment to diversity also includes the forms of art and culture that are supported.

If your repertoire reflects all tastes and everybody who lives in your community, then your audiences will also reflect it. We are doing a lot of audience measurement and we are asking people to make their repertoire all-embracing and wider, and we will also be publishing our findings on

118 http://www.artscouncil.org.uk/sites/default/files/download-file/Diversity_in_the_workforce_and_governance_of_Arts_Council_Englands_Major_partner_museums_Research_project.pdf

119 HC 864 Q74

120 <http://www.artscouncil.org.uk/diversity-and-equality/creative-case-diversity>

121 HC 864 Q112

how that creative case for diversity is going. Its first year will be up shortly and we will be publishing in the autumn how that is going. We do intend to measure it, manage it and publish it.¹²²

76. HLF were also similarly upfront about the diversity challenge. In its written submission, it stated that “Heritage remains insufficiently diverse in terms of workforce and audience, and tackling this issue remains a high priority. Every aspect of diversity matters—inclusion is not a cost but an asset—and we know there is more to do.”¹²³

77. We welcome the fact that ACE now requires the NPOs to publish their diversity statistics and the emphasis on outreach in funding requirements. The impact of this on diversity performance remains to be seen. As set out in Chapter 2 we believe that there should be a greater emphasis on accessibility to culture and as set out in Chapter 5, we consider that explicit outreach requirements should be a condition of national funding. We further think that a clear emphasis on community-driven culture will help address some of the diversity challenges identified.

122 HC 864 Q112

123 ([COC0114](#)) Heritage Lottery Fund

7 Digital Technology

78. Digital technology is increasing access to culture across the country and can “help to break down the barriers of physical isolation”.¹²⁴ Cultural organisations are increasingly thinking about the digital aspect of their work. The Digital Culture Survey 2015 (commissioned by ACE, AHRC and Nesta) found 90% of culture organisations regard digital as important for marketing, 45% say it is important to their business models, 41% accept online donations and 16% report a major positive impact on revenue.¹²⁵ Organisations outside London remain significantly less likely to be digitally active in a variety of areas. National Portfolio Organisations (NPOs) are more digitally active, experience fewer barriers, have better access to skills, and are more likely to report positive impacts. The Digital survey also assessed that there is evidence that “the gap between NPOs and the others is widening”.

79. The National Museum Directors’ Council also underlined the importance of local authority museums having digital independence, in order to develop their own identity, build audiences, market themselves effectively and utilise web analytics fully. It cited a rural museum which could only tweet three times a week through the Council’s platform and compared this situation to the success of the Royal Pavilion and Brighton Museums’ new independent website, which has led to a ten-fold increase in online ticket sales and increasing social media traffic, up by 260-300%¹²⁶ and to closer work with external partners.¹²⁷

80. There have been some great digital successes in the UK cultural sector. NT Live, for example, now broadcasts to 550 UK theatres and cinemas and has reached 3.5m people worldwide. The British Film Institute (BFI) has reached 6 million views with its Britain on Film programme, based on the National Film and TV archive.¹²⁸ In evidence Neil MacGregor (who was on the NT Board at the time) described how NT Live had “turned out, to our great surprise on the board, to be economically self-sustaining.”¹²⁹ Initially many in the sector feared digital screenings like NT Live would distract local audiences away from live performances, but in reality the sector has found that it provides an additional revenue stream rather than a rival. Buxton Opera House told us that it was participating in NT Live screenings, demonstrating the reach and accessibility of the initiative. Matt Hancock MP, Minister for Culture, highlighted the success of the National Gallery in using Facebook live, which attracted 200,000 views for the opening of their Beyond Caravaggio exhibition,¹³⁰ and the innovative virtual reality experiences that the Royal Opera House had developed.¹³¹ Institutions outside London have also had great digital success. ACE highlighted that Manchester’s Royal Exchange Theatre’s sold-out performance of Hamlet was screened in 310 UK cinemas, shown on Sky Arts and released on DVD.¹³²

81. The British Library was cited by witnesses as a world leader in the digitisation of its collection. The British Library stressed its use of digital tools to address audience engagement. For example, it conducted a survey of teachers which found that 56% said

124 (COC0107) Dr.Tehmina Goskar

125 <http://artsdigitalrnd.org.uk/wp-content/uploads/2015/12/Digital-Culture-2015-Final.pdf>

126 (COC0118) National Museums Directors Council

127 (COC0066) Royal Pavilion and Museums

128 (COC0072) British Film Institute

129 HC 864 Q162

130 HC 114 Q333

131 HC 114 Q364

132 (COC0115) Arts Council England

their students found it difficult to interpret Shakespeare's plays and 83% said they needed more support making Shakespeare relevant to their students. In response, the British Library launched its Discovering Literature platform providing access to some of the Library's collections online. Since its launch the website has been accessed four million times across the world. The latest iteration of the website, Discovering Literature: Shakespeare, launched in March 2016, makes available 300 manuscripts, maps, books and photos relating to Shakespeare for the first time.¹³³

82. Live streaming has not been accessible for every part of the culture sector.¹³⁴ For example, in evidence Neil MacGregor explained that a lot of additional preparation that was required and it had been prohibitively costly for the British Museum to create a script and commission film production for an exhibition, whereas this was not needed when filming a live performance.¹³⁵ The British Museum's collaboration with the BBC had allowed them to develop on-line content in a different way and 4,500 of their objects can be viewed through the Google Cultural Institute.¹³⁶

83. The White Paper set a clear ambition for the UK to be a world leader in the digitisation of its public collections, and DCMS have commissioned a report on the key issues to be addressed, which is expected in 2017. The Minister for Culture said that he thought there were huge opportunities in this area, where Government was an "enabler" rather than having all the answers.¹³⁷

84. Many submissions welcomed the Government's digitisation ambitions, but there was also a note of caution from some, in terms of the scale of the challenge. For example, Art UK, which had overseen the successful digitisation of the nation's oil painting collection in public ownership, stated that the project had included 200,000 works, in 3,200 venues, 80% of which are outside London. The project took 10 years to complete. On the scale of the upcoming digitisation task, Art UK estimated that there are 150,000 sculptures and perhaps ten times more watercolours, prints and drawings in public ownership.¹³⁸ Art UK argued strongly that digital infrastructure is sharable, which would allow multiple collections to take advantage of scale and technology, but they highlighted the challenge of working and fundraising given devolved decision making, and to a lesser extent the division between national and regional museums. Art UK argued for a "national art digitisation fund" and the appointment of a digital tsar, who might act as a broker between the cultural sector and digital companies.

85. We agree that there has been great innovation and best practice within the cultural sector in relation to the digital agenda. We believe there is the potential to do more and that it is essential that cultural organisations have digital independence. We further support the ambition to make the UK a world leader in digitisation, which will help support the sector's aims on outreach and engagement, as well as offering opportunities to increase revenue. We await the outcome of the DCMS digitisation report with interest and believe there is a strong case to have greater national co-ordination on the digitisation agenda, where digital infrastructure is shareable and scalable, and to ensure that smaller and regional entities are included.

133 [\(COC0093\)](#) British Library

134 [\(COC0070\)](#) Orchestras Live

135 HC 864 Q162

136 [\(COC0035\)](#) British Museum

137 HC 114 Q364

138 [\(COC0098\)](#) Art UK

8 Skills and staffing

86. As set out in Chapter 5, we received several submissions that raised concerns that reductions in local authority funding was having a direct impact on the erosion of expertise, particularly curatorial skills. Neil Macgregor cited the example of Birmingham Museum:

The museum in Birmingham announced that it is not financially able to replace its only numismatist. Birmingham has a very important coin collection, but that resource cannot now be used usefully by the museum because it does not have the scholarship and the knowledge. That is where the relationship to the nationals becomes absolutely crucial. To take that area, the British Museum set up a nationwide numismatic network, so that small collections can access scholarship. That is why the resource in London or in the national museums is so important—we are a national resource—but it does not hide the fact that the erosion of curatorial posts is a very serious issue.¹³⁹

87. Historic England said that the number of expert heritage staff has dropped by 31%, conservation experts by 35% and archaeological specialists by 23% in the last 10 years.¹⁴⁰ Curatorial staff have been reduced by 86% in Shropshire in the last 15 years, and they have suspended their work on designation of key collections as a consequence.¹⁴¹ NECP concurred “loss of expertise remains a core issue in the region.”¹⁴² Derby Museums said that whilst they had quadrupled volunteer hours in the last three years, volunteers lacked curatorial expertise.¹⁴³

88. Several submissions argued that reductions in local authority funding had resulted in the loss of arts development officers, which was also having an impact on the sector. It meant there was a lack of capacity to initiate and carry through projects, and in the absence of new projects, this created a vicious circle of making it harder to make the case for culture to local authorities. Whilst the sector has responded to some of these challenges with innovations like the Clore Leadership programme, which describes itself as the first cross-disciplinary leadership programme for the cultural and creative sector, even the best cultural leaders do not have the capacity to take on all the development work. As the Creative Industries Federation put it:

Funding cuts have caused a damaging loss of personnel. The Chief Cultural and Leisure Officers Association (CCLOA) estimated that 6,000 jobs in development posts for the arts, museums and sport had been lost ... Part of the function of these personnel is to help the cultural sector collaborate with other local authority departments and secure funding for relevant projects. They make sure that culture is an essential part of regeneration plans, as in the London borough of Southwark, or they secure funding for cultural events within other budgets, as in Kent County Council where the culture team has collaborated with the refuse department in using artists

139 HC 864 Q127

140 [\(COC0033\)](#) Historic England

141 [\(COC0025\)](#) Save Shropshire's Museums

142 [\(COC0030\)](#) North East Cultural Partnership

143 [\(COC0037\)](#) Derby Museums

for environmental messaging. This may mean small amounts of money can have more than one benefit—for example, the employment of arts professionals and arts facilities in caregiving activities. This in turn helps the arts organisations to become increasingly resilient and also ensures that a wider section of society benefits from their work and expertise.¹⁴⁴

89. The Minister for Culture recognised the important role of development staff, saying that: “If you learn from the best fundraising organisations, they have development teams. Even a small organisation can have a head of development whose job is to go and make it exciting and fun for people to give, and find out where that money is, who has it, who is interested in the arts, who has the local connection, and give them an offer. Philanthropic funding is not manna from heaven; you work for it.”¹⁴⁵

90. During our visits we also heard about other skills and staffing challenges facing the sector. Buxton Museum flagged the risks around relying increasingly on volunteers, when the retirement age is set to increase and the pool of people with leisure time will correspondingly decrease and become older. Buxton Festival underlined that it had become increasingly difficult to attract qualified volunteers willing to take on Board level responsibilities after the financial crash.

91. The cultural sector is facing serious skills challenges and we are concerned about the impact of the loss of curatorial and development roles. We welcome the innovative responses in the sector, such as the Clore leadership programme. However, we need to ensure that such support is accessible to smaller entities through on-line learning, and we recommend a requirement for national institutions, National Portfolio Organisations and Major Partner Museums to partner smaller organisations and share expertise and skills.

144 ([COC0091](#)) Creative Industries Federation

145 HC 864 Q369

Conclusions and recommendations

How culture enriches and improves our lives

1. In addition to its own intrinsic value, culture plays an important role in helping to deliver a wide range of policy objectives. There are innovative projects all across the country where culture supports other policy objectives, like health, education and economic development. We believe it would be helpful to publicise these projects more and also capture the lessons learned. *The Department for Culture, Media and Sport (DCMS) should continue to work with the Department for Communities and Local Government (DCLG) to ensure that case studies and best practice are effectively shared with local authorities. The White Paper was a welcome indication that this collaboration has begun.* (Paragraph 14)

The current funding situation

2. The biggest impact of local authority cuts to culture is likely to fall where the cultural offering is already weak with the result that those with most to gain from cultural investment will lose out. We welcome the ACE programme Creative People and Places targeted at areas where cultural participation is below the national average. However this funding is limited and cannot come close to, nor is it designed to, replace funding by local authorities. Even with the welcome announcement of the Cultural Citizens programme and pilot, there is a danger that, contrary to the Government's stated wish to make culture more accessible, it will become less so. *We will follow the outcomes of the Cultural Citizens pilot scheme with interest but we strongly reinforce the need for cultural policy, especially in current circumstances, to focus on accessibility of culture and support for the cultural infrastructure, and for this to be given a higher priority in terms of the funding to match this ambition.* (Paragraph 23)
3. The impact of Council budget cuts has resulted in very varied responses locally. There remains a risk that as reductions in local government allocations continue, local authorities will only have resources to cover statutory services and will consequently reduce funding for culture. We recognise that it is difficult for local authorities to sustain expenditure on cultural objectives at present. However, some have prioritised it and have shown considerable leadership and initiative in this regard. (Paragraph 26)
4. We welcome the large proportion of funding that the Heritage Lottery Fund spends outside London. However, we are concerned that the largest sums of money that ACE allocates, through Grant in Aid, are still disproportionately given to London-based National Portfolio Organisations and Major Partner Museums, even if many of those NPOs and MPMs tour the country or collaborate with regional and local cultural organisations. *We recognise London as a leading cultural asset, but would still like to see a better regional balance, particularly with regard to ACE Grant in Aid expenditure. We believe that cultural organisations in London have more*

opportunities to increase revenue through alternative streams than organisations in other parts of the country, through sponsorship and philanthropy for example. (We develop this point further in Chapter 5.) (Paragraph 32)

5. Future revenue and sustainability are essential to the viability of any heritage or culture investment, particularly in the context of limited public funding. We recognise the progress that both the HLF and ACE have made in this regard. (Paragraph 34)
6. We welcome the new sense of debate around the issues of evaluation and impact. Whilst we recognise the intrinsic value of culture, we must also be conscious of the value and impact of cultural investment, not just in economic terms, but across the range of policy areas. Evaluation needs to be more consistent, to enable comparisons to be made, so that those bodies which award funding can be assured that public investment is having the intended impact, and can prioritise funding to the areas where it will have the most impact. (Paragraph 36)

New income streams

7. There remains a challenge in obtaining donations for cultural organisations and some cultural organisations do not see themselves as charities. ACE commented that this mentality was hard to shift. *We would like to see an awareness-raising campaign led by DCMS, which now also has departmental responsibility for civil society, to ensure that all arts and heritage organisations which qualify for charity status and benefits do so. (Paragraph 38)*
8. The Government should consider how to incentivise greater corporate sponsorship and regionally-based philanthropy, including through tax incentives where appropriate. (Paragraph 42)
9. *We call on DCMS to work with the Treasury to conduct an impact assessment of the various tax incentives, business rates, VAT regulation and Gift Aid rules on cultural organisations. The Government should also consider expanding existing tax breaks for the cultural sector, further simplifying the Gift Aid scheme, and publicising the estate duty relief schemes. We understand that HM Treasury wishes to use such incentives sparingly, as there is an immediate impact on government income, but ultimately efforts in this area could result in organisations being less dependent on public financing in the future. (Paragraph 43)*
10. *We support the efforts by ACE and HLF to develop revenue generation and fundraising skills, in order to improve resilience, and would like to see more focus on this area given that it is unlikely that the current funding challenges will recede. We believe that grants to DCMS directly-funded institutions, National Portfolio Organisations and Major Partner Museums, and Heritage Lottery Funding recipients should be conditional upon them sharing best practice with local cultural organisations to improve their skills in revenue generation. (Paragraph 44)*
11. Some cultural organisations had successfully increased their revenues, in the face of public funding reductions, whilst also holding onto their social objectives. DCMS

should develop more case studies to showcase innovation in revenue generation, across the arts and heritage sectors, which may be able to learn from each other, and make this available across the sector. (Paragraph 45)

12. *We call on the new Department for International Trade to work with cultural partners, including ACE, British Council and national institutions to do more to develop cultural trade delegations and international links to showcase UK cultural strengths. (Paragraph 46)*

New operational models

13. There is no 'one size fits all' model of organisation, nor indeed can new structures provide a panacea to the current funding challenges, but bodies like the New Local Government Network can help others assess what would be most appropriate in the local circumstances, and are currently conducting research into community asset transfer, for example. Although trust status may seem to solve problems in the short term, it needs to bring concomitant powers and flexibility to enable local authority museums to thrive in the longer term. Hub models and inclusion of culture into the local LEP both seem to be helpful, but cannot by themselves provide a sufficient response to the current funding challenges. Other approaches may help too and we await the outcome of the pilot on crowd-funding with interest. (Paragraph 54)

The importance of partnerships

14. One theme which came out very strongly over the course of this inquiry was the importance of partnerships. Partnerships are essential, particularly when operating in a financially challenging climate. Partnerships between cultural organisations and local authorities, with the education sector and with the commercial sector are all valuable. (Paragraph 55)
15. We believe the Great Place scheme is a welcome contribution to bringing the arts and heritage sectors together with local communities to recognise the benefits of investment in culture, and await the outcome of the pilot schemes with interest. (Paragraph 57)
16. Culture is more likely to flourish, and be accessible to more people, where partnerships are strong. There is already strong collaboration between the culture and education sector, and the potential to do even more together. We welcome the inclusion of references to the roles of the Department for Education (DfE) and Department for Communities and Local Government (DCLG) in the Culture White Paper; we wish to see this collaboration continue and go further. (Paragraph 59)
17. We welcome the partnership between ACE and Visit Britain and concur that there is great potential for collaboration around cultural tourism. However, we are concerned that the multiple sources of funding are becoming harder for organisations to navigate. (Paragraph 63)
18. *We believe there is also a need to continue to build on the collaboration between the cultural sector and Visit Britain and the other Destination Management Organisations*

(DMOs) and, whilst we welcome the Cultural Destinations programme, we believe increased public investment is required in this area as it has significant income generation potential. (Paragraph 64)

19. The use of the ‘hub’ model can help ensure that there is some curatorial and sector expertise retained on a county or regional basis, but there is a risk that reductions in public investment will result in the loss of expertise, including curatorial knowledge, hindering the ability of local museums to take up offers of collaboration from national institutions. (Paragraph 68)
20. We fully support the partnerships that national institutions, NPOs and regional entities have already established and recognise that they play an invaluable role, we are concerned that funding pressures at the local level may limit such arrangements. *Whilst the hub model will be helpful in terms of building up local capacity and ability to be an intelligent borrower, we believe there is a strong case for a national body to co-ordinate lending and touring, to provide curatorial expertise on collections and also assist with practicalities and costs, such as security, transport and insurance. (Paragraph 69)*
21. *We believe that national outreach should be a requirement of national funding, from the Department of Culture, Media and Sport, or from the Arts Council England for National Portfolio Organisations and Major Partner Museums. Many national institutions, National Portfolio Organisations and Major Partner Museums have developed partnerships, and indeed the Arts Council England consider outreach plans as part of their assessment already, but we believe this should go one step further and that national organisations should mentor smaller regional organisations—whether museums or galleries or those involved in the performing arts—and this should be a requirement for central government funding. We further believe that recipients should be transparent and accountable about how they are implementing it, for example by setting out percentage of target audience, percentage of time spent touring, percentage of exhibitions lent to other organisations. The Department for Culture, Media and Sport should have strategic oversight of such collaboration and partnerships to ensure that culture is accessible throughout the country. (Paragraph 70)*

Diversity and accessibility

22. We welcome the fact that ACE now requires the NPOs to publish their diversity statistics and the emphasis on outreach in funding requirements. The impact of this on diversity performance remains to be seen. As set out in Chapter 2 we believe that there should be a greater emphasis on accessibility to culture and as set out in Chapter 5, we consider that explicit outreach requirements should be a condition of national funding. We further think that a clear emphasis on community-driven culture will help address some of the diversity challenges identified. (Paragraph 77)

Digital technology

23. We agree that there has been great innovation and best practice within the cultural sector in relation to the digital agenda. We believe there is the potential to do more and that it is essential that cultural organisations have digital independence. We

further support the ambition to make the UK a world leader in digitisation, which will help support the sector's aims on outreach and engagement, as well as offering opportunities to increase revenue. We await the outcome of the DCMS digitisation report with interest and believe there is a strong case to have greater national co-ordination on the digitisation agenda, where digital infrastructure is shareable and scalable, and to ensure that smaller and regional entities are included. (Paragraph 85)

Skills and staffing

24. The cultural sector is facing serious skills challenges and we are concerned about the impact of the loss of curatorial and development roles. We welcome the innovative responses in the sector, such as the Clore leadership programme. However, we need to ensure that such support is accessible to smaller entities through on-line learning, and we recommend a requirement for national institutions, National Portfolio Organisations and Major Partner Museums to partner smaller organisations and share expertise and skills. (Paragraph 91)

Formal Minutes

Tuesday 6 December 2016

Members present:

Damian Collins, in the Chair

Andrew Bingham	Ian C. Lucas
Julie Elliott	Christian Matheson
Paul Farrelly	Jason McCartney
Nigel Huddleston	John Nicolson

Draft Report (*Countries of Culture: Funding and support for the arts outside London*), 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.

Resolved, That the Report be the Fourth 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 13 December at 10.00 am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 26 April 2016

Question number

Dr Lisanne Gibson, University of Leicester, and **Dr Abigail Gilmore**, University of Manchester

[Q1-43](#)

Tuesday 3 May 2016

Sir Peter Bazalgette, Chair, Arts Council England and **Darren Henley**, Chief Executive, Arts Council England

[Q44-126](#)

Wednesday 4 May 2016

Sir Neil MacGregor, former Director of the British Museum

[Q127-185](#)

Wednesday 11 May 2016

Sir Peter Luff, Chair, Heritage Lottery Fund, and **Carole Souter**, former Chief Executive, Heritage Lottery Fund

[Q186-256](#)

Tuesday 6 September 2016

George Vass, Chair of British Arts Festival Association, **Angus MacKechnie**, Executive Director, Independent Street Art Network, **Harriet Finney**, Director of Policy, Creative Industries Federation

[Q257-294](#)

Polly Hamilton, Vice Chair of Cultural and Leisure Officers Association, **Andrew Lowrie**, Chair, Little Theatre Guild and **Mark Pemberton**, Director, Association of British Orchestras

[Q295-314](#)

Wednesday 2 November 2016

Rt Hon Matt Hancock MP, Minister of State for Digital and Culture, Department for Culture, Media and Sport

[Q315-376](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

COC numbers are generated by the evidence processing system and so may not be complete.

- 1 a-n The Artists Information Company ([COC0100](#))
- 2 Art UK ([COC0098](#))
- 3 Arts Council England ([COC0115](#))
- 4 Arts Development UK ([COC0099](#))
- 5 Association of British Orchestras ([COC0015](#))
- 6 Association of Independent Museums ([COC0027](#))
- 7 Bath Spa University ([COC0081](#))
- 8 Bewnans Kernow: The Partnership of Cornish Cultural Organisations ([COC0110](#))
- 9 Bournemouth Borough Council ([COC0032](#))
- 10 Bristol Music Trust ([COC0063](#))
- 11 British Film Institute ([COC0072](#))
- 12 British Hospitality Association ([COC0086](#))
- 13 British Library ([COC0093](#))
- 14 British Museum ([COC0035](#))
- 15 Buxton Festival ([COC0054](#))
- 16 Camelot UK Lotteries Ltd ([COC0059](#))
- 17 Canal & River Trust ([COC0106](#))
- 18 Celtic League ([COC0048](#))
- 19 Chief Culture & Leisure Officers Association ([COC0109](#))
- 20 City of London Corporation ([COC0041](#))
- 21 Collective Encounters ([COC0028](#))
- 22 Contemporary Visual Arts Network ([COC0078](#))
- 23 Cornwall Council ([COC0080](#))
- 24 Cornwall Museums Partnership ([COC0044](#))
- 25 Crafts Council ([COC0020](#))
- 26 Creative Assembly ([COC0043](#))
- 27 Creative Industries Federation ([COC0091](#))
- 28 Culture Counts ([COC0082](#))
- 29 DACS ([COC0049](#))
- 30 Department for Culture, Media and Sport ([COC0058](#))
- 31 Departure Lounge ([COC0023](#))
- 32 Derby Museums ([COC0037](#))
- 33 Dr Tehmina Goskar ([COC0107](#))

- 34 Dr Tom Booth ([COC0001](#))
- 35 engage, the National Association for Gallery Education ([COC0046](#))
- 36 Equity ([COC0079](#))
- 37 Farnham Maltings ([COC0057](#))
- 38 Free Word Centre ([COC0077](#))
- 39 Friends of Herefordshire Museums and Arts ([COC0016](#))
- 40 Friends of Ludlow Museum ([COC0029](#))
- 41 Friends of the Potteries Museums & Art Gallery ([COC0017](#))
- 42 Fun Palaces ([COC0067](#))
- 43 Glossop Music Festival ([COC0019](#))
- 44 Gloucester City Council ([COC0069](#))
- 45 GPS Culture ([COC0024](#))
- 46 Heritage Lottery Fund ([COC0114](#))
- 47 Historic England ([COC0033](#))
- 48 Historic Houses Association ([COC0014](#))
- 49 Honor Frost Foundation ([COC0045](#))
- 50 Ian Lawley ([COC0021](#))
- 51 ICOM UK ([COC0053](#))
- 52 Independent Street Arts Network ([COC0013](#))
- 53 Institute of Conservation (Icon) ([COC0074](#))
- 54 Kent County Council ([COC0094](#))
- 55 Kent Cultural Transformation Board ([COC0089](#))
- 56 Landscape and Arts Network ([COC0042](#))
- 57 Little Theatre Guild of Great Britain ([COC0012](#))
- 58 Liverpool Arts Regeneration Consortium (LARC) ([COC0103](#))
- 59 Liverpool Biennial ([COC0102](#))
- 60 Liverpool City Council ([COC0084](#))
- 61 Local Government Association ([COC0036](#))
- 62 London Councils ([COC0039](#))
- 63 Mayor of London ([COC0083](#))
- 64 MK Gallery ([COC0075](#))
- 65 Mr Brian Elsey ([COC0111](#))
- 66 Mr Gary Brayne MBE ([COC0011](#))
- 67 Mr Nicholas Brown ([COC0002](#))
- 68 Mrs Heather Broughton ([COC0105](#))
- 69 Mrs Helen Wilson ([COC0031](#))
- 70 Mrs Jennifer Blackaby ([COC0005](#))
- 71 Ms Deborah Mason ([COC0071](#))

- 72 Museums Association ([COC0038](#))
- 73 Musicians Union ([COC0051](#))
- 74 National Alliance for Arts in Criminal Justice ([COC0018](#))
- 75 National Campaign for the Arts ([COC0096](#))
- 76 National Museum Directors' Council ([COC0112](#))
- 77 National Museums Directors' Council ([COC0118](#))
- 78 New Anglia LEP Cultural Board ([COC0047](#))
- 79 NewcastleGateshead Cultural Venues ([COC0061](#))
- 80 Norfolk Museums Service ([COC0050](#))
- 81 North East Culture Partnership ([COC0030](#))
- 82 North East Culture Partnership University Sub-Group ([COC0034](#))
- 83 Norwich University of the Arts ([COC0062](#))
- 84 Orchestras Live ([COC0070](#))
- 85 Plymouth Culture ([COC0009](#))
- 86 Royal Opera House ([COC0092](#))
- 87 Royal Pavilion and Museums ([COC0066](#))
- 88 Royal Shakespeare Company ([COC0097](#))
- 89 Save Shropshire's Museums ([COC0025](#))
- 90 Shropshire Council ([COC0060](#))
- 91 Society of London Theatre and UK Theatre ([COC0076](#))
- 92 Southbank Centre ([COC0073](#))
- 93 Storyhouse ([COC0085](#))
- 94 The Art Fund ([COC0090](#))
- 95 The Library Campaign ([COC0095](#))
- 96 Theatre Royal Plymouth ([COC0010](#))
- 97 Turner Contemporary ([COC0026](#))
- 98 TYNE & WEAR ARCHIVES & MUSEUMS ([COC0022](#))
- 99 UK Music ([COC0064](#))
- 100 University of Reading ([COC0055](#))
- 101 University of Sunderland ([COC0056](#))
- 102 VisitBritain and VisitEngland ([COC0040](#))
- 103 Visual Arts South West ([COC0108](#))
- 104 We are Ipswich ([COC0087](#))
- 105 What Next? ([COC0101](#))
- 106 What Next? Newcastle Gateshead ([COC0065](#))
- 107 Worcester Live Ltd. ([COC0003](#))
- 108 Workers' Educational Association ([COC0052](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2015–16

First Report	BBC Charter Review	HC 398
Second Report	Appointment of the Information Commissioner	HC 990
First Special Report	Tourism: Government response to the Committee's Sixth Report of Session 2014-15	HC 382
Second Special Report	Society Lotteries: Government response to the Committee's Fifth Report of Session 2014-15	HC 415

Session 2016–17

First Report	Cyber Security: Protection of Personal Data Online	HC 148 (HC 716 HC 763)
Second Report	Establishing world-class connectivity throughout the UK	HC 147 (HC 714)
Third Report	BBC White Paper and related issues	HC 150 (HC 715)
First Special Report	BBC White Paper and related issues: Government Response to the Committee's Third Report of Session 2016–17	HC 715
Second Special Report	Establishing world-class connectivity throughout the UK: Responses to the Committee's Second Report of Session 2016–17	HC 714
Third Special Report	Cyber Security: Protection of Personal Data Online: Government Response to the Committee's First Report of Session 2016–17	HC 716
Fourth Special Report	Cyber Security: Protection of Personal Data Online: Information Commissioner's Response to the Committee's First Report of Session 2016–17	HC 763