

Arts Council England responds to 'Hard Facts to Swallow'

Commentary from GPS Culture

October 2014

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Overview

- There is no evidence that the Arts Council's detailed response is based on a considered appraisal of our analysis and report. As with the RoCC report they appear to have chosen to react immediately to the headlines as a media relations exercise.
- We have again placed into the public domain our working papers which set out how we have sourced and analysed the Arts Council's and other data, in order to substantiate our conclusions and obviate hasty or superficial judgement about these important matters. We invite the Arts Council to do the same.

Alan Davey, Chief Executive, Arts Council England said;

"The authors raise a number of issues that are at the heart of our 10 year strategy, agreed with the art and culture sector. We've been addressing the balance of funding between London and elsewhere since that strategy was launched in 2010, and we will build on that in our next funding period.

- Our analysis of the Arts Council's data and other evidence demonstrates clearly -that the overall direction of the current and imminent investment plans has been to increase the imbalances of arts funding as between London and the rest of England and that this will continue between 2015-18.

Our national strategy considers the whole ecology of England's arts and culture. Our devolved decision making and funding, through area councils and staff on the ground, means we understand local agendas.

We have deep local knowledge and expertise. That leads to good partnerships with Local Authorities, LEPs and others. This means we can make a big impact with the relatively small amounts of money we have.

- Our research indicates that these claimed levels of devolution, knowledge, expertise, impact with local authorities and LEPs are not in place nor being achieved.
- The Arts Council will have over £1 billion of Lottery funds to distribute over the life of the next parliament. That is not a 'relatively small amount of money'.

Over the next three years we'll continue to listen to the sector and audiences to develop our funding programmes. We'll continue to use public funds wisely - where we can be confident of impact and we won't damage what is already good.

We're investing in building capacity outside London: Grants for the arts increases to £70m, £25m for encouraging new cultural communities to grow through our Creative People and Places programme, £23m on touring work to where audiences are, and £15m on ensuring that ambition and talent is supported regionally.

- Where these particular programmes represent genuine new initiatives, they are credited in the report and are to be welcomed.
- Where - as in the case of Touring - they are being shown to have no or severely limited net impact on reaching new or neglected audiences, we also comment on that.
- Where there has been a specific cut - as in the Creative People and Places programme cut by 46% - we make that clear. Grants for the Arts will continue to favour London in a ratio of over 2 : 1 per head of population.

The trend is in the right direction. We need to be realistic about the speed of progress given the difficult economic picture. In 2010 we had £350m of Grant in aid to invest into the portfolio. For 2015/16 we have £270m.

- The Arts Council has chosen to increase the funds available to the Portfolio by over £15m pa through the deployment of Lottery funds.

The biggest challenge now is persuading Local Authorities to sustain their investment in very difficult circumstances. No political party is yet promising more investment in culture – but we hope we can persuade them to do so.

We must ensure that great art and culture can indeed be for ‘everyone’ - and we are doing so with determination and purpose.”

- Our report places very particular emphasis on the crisis in Local Authority funding for the arts.
- We invite Arts Council England to set out clearly and in detail how its existing policy frameworks, programme design and deployment of resources will assist Local Authorities to maintain their financial commitments not just to the National portfolio organisations but also to locally supported arts provision more generally.
- We identify the lack of an explicit, consistent and fair framework being applied to London’s local authorities and to those in the other major cities.

‘Hard Facts to Swallow’ raises some specific matters:

Area of benefit

We note that the authors used postcode analysis to determine where our money is invested in their previous reports and this remains the case here.

This analysis doesn’t recognise the impact that many organisations have outside of their postcode. Many National portfolio organisations serve audiences nationally and maintain one administrative address, such as Birmingham Royal Ballet, Artichoke and the RSC.

Several national companies are based in London but attract London, national and international audiences, and contribute through leadership to developing the national ecology.

- We have no access to data at 'postcode' level. Our analysis is at local authority area level and is not an end in itself but a route to a wider regional analysis that is - in turn - able to take full account of 'City Region' catchments.
- We note that the Arts Council, in its evidence to the Select Committee, accepted and used 'postcode' methodology for analysis of benefit (as have all previous studies).
- Working Paper A addresses the issue of touring and shows-how little effect touring has on the overall balance of funding benefit to London.
- Over 50% of the population lives more than a day visit away from the capital. We have quantified the additional costs of attendance at events in London for this half of the population of England.
- We address the Arts Council’s claim that 'subsidy per attendance is a more representative measure of benefit' (from public funding) and illustrate how this shows clearly a pattern of most benefit to those already most privileged.

Geography and equitable distribution

We agree with the authors that it's essential our investment reaches audiences all over the country. We think it will take time to extend reach and build capacity, particularly at a time of cuts in funding.

People, rather than administrative boundaries, are important to us. We are addressing historical funding patterns to ensure that art and culture can reach the 'everyone' we refer to in our strategy.

There are areas of the country with levels of poor arts provision and engagement where we are developing the capacity of artists and organisations to make funding applications to us. The alternative is to attempt to invest in top-down projects where there is, as yet, little arts community or infrastructure.

- Our concern throughout is clearly with 'taxpayers and lottery players' not with 'administrative boundaries'.
- We note that other lottery distributors have long focused investment, with skilfully designed programmes that ensure full community engagement and enhance sustainability, in areas of greatest assessed need and where there are lowest levels of success in accessing lottery funds.
- Our position continues to be that local arts provision and engagement is fundamentally important for individual, communities and the country as a whole. Arts Council England cannot claim all the successes and take no responsibility where success has been scarce or absent.

It is important that we build this 'capacity' for expansion through intelligent investment and partnerships, particularly with local authorities, so that we can be sure we are getting best value for the taxpayer's pound.

That's why Creative People and Places programme is so important, but is necessarily long term. In 2013 Hull was awarded a £3 million Creative people and places grant to develop the city's cultural offer, this led to a strategy that helped to secure Hull the title of UK City of Culture for 2017. In Doncaster, we are funding Right Up Our Street a consortium that brings together local partners to deliver a series of commissions by the local community and artists and grassroots activity.

- Specific examples do not address the 46% cut in the Creative People and Places programme or the overall imbalances.

Grant in aid – benchmarks

Our taxpayer-funded Grant in aid split is 60/40 in favour of regions outside London. We have always made clear when mentioning this figure that it includes the funds dedicated to Music education hubs and regional museums.

- The Arts Council claim is that they will build on 'the current trend of 60% grant in aid investment outside London'. We demonstrate emphatically (at Working Paper C) that there is no such 'trend' and that the only reason for the shift is in the provision by government of the specifically designated funds for regional benefit quoted above.
- Music Hubs are restricted funds provided by DfE, not DCMS grant-in-aid, and we have never seen any reference to them as being included in this calculation such as that claimed above. We invite Arts Council to share the evidence for their statement.

Balance of funding the National portfolio

When looking at national portfolio spending alone - in 2008 this was 51% to London and 49% outside the capital. In 2015/16 this will be 47% in London and 53% outside.

We understand that the authors have removed National Lottery within the portfolio funding from their calculation, whereas the Arts Council has been clear that the important factor is what National Portfolio organisations deliver, rather than the source of their funding.

In 2015/16 there will be an overall shift in National portfolio spending. In 2008 51% of this investment was in London and 49% outside. In 2015/16 47% of the NPO investment will be in London and 53% outside.

- Our address to this question is set out in the main report and at Working Paper B. Comparing like with like, London's benefit is 52.6% of grant in aid funding in 2007/8 and will be 51.6% for 2015/18.
- It is only with the addition of new responsibilities (and attached funds) for regional museums and the decision to deploy Lottery funds to major opera and ballet companies (and others) outside London that the claimed ratio and 'movement' can be substantiated.

National Lottery – benchmarks

The fact is that 70% of our National Lottery investment has been made outside London.

Over the last three years (2010-13) more than 70% of our lottery investment has funded projects whose benefit is delivered outside London. Over the lifetime of the lottery since 1995 this has been 60%.

This split will remain, and if Lottery funding remains stable, the trend will continue in this direction. We understand that the authors have arrived at their figures for 2012/13 by allocating 'national projects' to London and other areas.

National projects are awards allocated to a postcode in one region but delivered nationwide. For example the £29.7m grant to Youth Music for 13/14 is administered in London to pay for activity delivered in every part of the country.

- Our analysis in Working Paper D accepts the 70%:30% split for the National Portfolio and Grants for the Arts programmes but not for Strategic funds.
- We have accepted that 'national projects' are delivered 'nationwide'. We therefore fail to understand why our re-allocation of these amounts to 'London and other areas' is deemed inappropriate.
- We invite Arts Council England to share their basis for their statements with the wider arts and cultural community.

Local Authority spending in London

There is a clear, historical reason for the level of the Local Authority contribution to the arts in London. When the Greater London Council and Metropolitan Borough councils were abolished in 1986 (*It was the Metropolitan County Councils that were abolished*) the GLC funds were given to the Arts Council to continue to support arts organisations in London such as the Southbank Centre and Hayward Gallery (*The Hayward Gallery was a directly provided activity by ACGB until after the creation of the Southbank Board in 1987*).

We would welcome increased investment in culture from Local Authority partners in London and elsewhere.

- In 1986 specific arrangements were put in place whereby Arts Council funds the Southbank Centre. (After 30 years, we contend that this arrangement might reasonably be reconsidered as part of a new cultural concordat with the capital).
- Replacement funds were also used to negotiate new partnership funding arrangements for individual organisations with particular London Boroughs, through the Section 48 Joint Scheme and the London Boroughs Grant Unit. These were designed to enable all Boroughs to play a part in funding other London wide organisations and programmes.
- Our analysis (Working Paper K) finds no evidence that these funds and these arrangements in London have been protected or enhanced in the way that has been the norm with major authorities outside the capital.
- The ignorance of the historic basis for current arrangements with local government displayed here does not sit easily with Arts Council's claims that it has "deep local knowledge and expertise. That leads to good partnerships with Local Authorities, LEPs and others". In our experience local government has a long memory.

Creative People and Places

In line with all of our strategic programmes, the budget for the Creative People and Places programme was cut. This was by £12m, from £37m to £25m.

The Creative People and Places projects have a long term, 10 year plan, so we knew that our investment would need to extend into 2018/19.

On 1 July we set out that a further £25m would be allocated to Creative People and Places. Further investment will follow after 2018.

- That cut is of 46% and so is of a completely different order to that applied to other Strategic funds (other than major Capital and the largest scale Catalyst programmes).
- Current projects funded through this programme 'with a long term, 10 year plan' and in the least engaged parts of the country will be forced to cut back severely or close.

Smaller grants

There has been no policy, declared or otherwise, to reduce the number of smaller grants. In fact, the Arts Council wants to see a range of organisations across the country and the arts and culture ecology.

In the 2012-15 Portfolio grants became application based. This process and the resulting responsibilities of being an NPO was not always appropriate for all organisations, particularly those with the smallest grants. As a result the minimum award level was increased to £40,000.

Grants for the Arts was, and remains, available for organisations seeking grants below this level, with its budget increased for 2015-18 from £63 million to £70 million each year.

Since 2010 there have been significant reductions to the Arts Council's Grant in Aid budgets leading to a smaller Portfolio, and reductions in the level of grants made to many organisations.

In response particular regions have chosen to take approaches they considered appropriate for their area which have also affected smaller grants. For example, the reorganisation of support for Jazz in the north of England to create Jazz North.

A number of companies who did not join the NPO portfolio in 2011 are now funded through Grants for the arts – sometimes at a higher level.

- There is a smaller portfolio but the size of the Portfolio budget has increased by over £15 million pa, significantly more than the total saving made by the loss of 352 awards in this category.
- Only 42 of the net loss of 352 were under £40K at the time that the threshold was introduced in 2012. This leaves 310 small companies - the scale of award/organisation that we were principally concerned to highlight – which have been lost.
- Our concern is driven by the lack of assessment as to the impact of the removal of this scale of funding in aspiring artists and arts practice, on diversity and on locally and regionally delivered arts provision and engagement.

Transparency of Grants for the arts

The authors suggest a lack of transparency over grants of over £100,000 to Grants for the arts. However, our application guidance for Grants for the Arts clearly states:

- applying for over £100,000

In special circumstances we can accept applications for grants over £100,000. If you plan to apply for over £100,000 you must contact us (enquiries@artscouncil.org.uk, 0845 300 6200  0845 300 6200) to request permission to apply. We will confirm in writing whether you can apply and you must attach this letter with your application.

- We quote this specific guidance on variations. However, our analysis suggests that both the scale of grants (one of over £950,000 within a total of over £10.8 million) and the number of grants (51) made above the indicated maximum go well beyond the suggestions of 'in special circumstances'. We know many others share this concern.

Additionality

21 years ago the National Lottery Bill was introduced to “provide substantial additional funds” for the arts and other good causes, and to “create new public facilities...which will encourage citizens’ involvement in activities that will broaden their outlook and experience”.^[1]

Today these principles remain the same and are reflected in policy directions from Government, which in turn are reflected in the Arts Council’s 10 year strategy Great art and culture for everyone.

National Lottery money has been used to fund touring and activity with children and young people within the National portfolio since 2012. Based on this precedent 99 National portfolio organisations will be funded wholly through Lottery in 2015-18.

Using National Lottery money will allow an additional number of organisations to join the portfolio. The biggest proportion of our National portfolio funding will still come from Grant-in-Aid.

- The substantive points we have raised in our analysis in relation to additionality and the detail of Lottery Directions are not addressed here.
- We continue to note the absence of any source for authoritative legal, or departmental, opinion that gave permission for the deployment of National Lottery resources in this way.
- There is no reference in 'Great art and culture for everyone' to the specific Lottery Directions quoted in our analysis. Neither in word or spirit.

Managing conflicts of interest

Our appointments to Council are made by the Secretary of State. The body of our Council is such that they represent a mix of interests covering a range of artforms and different parts of the country. As Council members are representative of the arts and culture sector it is inevitable that there are conflicts of interest. We handle this transparently.

All Council members must adhere to the Arts Council's Declarations and Conflicts of Interest policy which is in line with the 'Nolan Principles' or the 7 principles of public life. This register records all personal interests and those of partners, family or other household members in organisations that have received funds from the Arts Council within the past year, or that are likely to be applicants for such funds in the future as well as other interests that may be regarded as relevant.

Any person with a real or perceived conflict of interest does not participate in a funding decision. All of the Council members interests are in the public domain and published on our website and in the Annual Report.

- We were at pains to acknowledge all of the above and not to question the integrity of individual Council members or the Arts Council's diligence in following its agreed procedures for managing the understandable presence of 'interest' in its decision making.
- We understand the importance for Arts Council to avail itself of necessary expertise: our concern is with balances, perceptions and with the need for expertise to be drawn widely from the arts community and its partners and not from particular sets of cultural interest and organisational type.

Cultural Diversity

The Creative Case for Diversity is a repositioning of the Arts Council's approach to diversity and equality, developed in dialogue with the sector, to ensure that the arts and cultural offer in England reflects the diversity of contemporary society in its programming, audiences, workforce and leadership.

We were encouraged by the number, variety and strength of the NPO applications we received that addressed diversity in this positive way. It will be the responsibility of all NPOs to address the creative case for diversity in 2015-18.

The Arts Council currently defines an organisation as BME led where more than 50 percent of the organisation's board and senior management are from a BME background. The current definition does not always capture the growing number of organisations across our portfolio and beyond that are led by diverse cultural leaders. We want to work on how we can reflect the broader diverse leadership of the sector in the future.

We are committed to addressing the challenges around equality and diversity, through celebrating diversity we will produce better art and appeal to wider audiences. By creating the conditions for excellent art and increased engagement we also create the opportunities for diversifying our workforce and leadership.

- We understand the Arts Council's approach. We comment on the consistent failure of Arts Council over 40 years to achieve a more balanced address to the changing nature of English society. We comment on its failure to support the development of more substantially funded and sustainable producing companies, able to represent that diversity authoritatively within the 'complex ecology' which the Arts Council has identified.

GPS Culture
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