

## Headlines

### The Analysis

Arts Council England's claim to be rebalancing investment in the arts between London and the rest of England through its 2015–18 plans cannot be substantiated.

During the three years of their plans for 2015–18, the Arts Council will have stewardship of funding for direct support of the arts in England of £1,589 million (excluding operating costs of over £100 million), provided by taxpayers and National Lottery players from across the whole of the country.

Between 2015 and 2018 the Arts Council's investment of taxpayers' funding (grant-in-aid) will total £931 million.

- Of this, £466 million (50%) will be invested in the arts in London – a per capita return of £55.39 per head of population (php).
- The remaining £465 million will be invested in the rest of England – a per capita return of £10.22 php.

### **A balance in London's favour of 5.4:1**

Between 2015 and 2018 the Arts Council's investment of Lottery players' funds through the Arts Lottery will total £658 million.

- Of this, £223 million (34%) will be invested in the arts in London – a per capita return of £26.48 php.
- The remaining £435 million will be invested in the rest of England – a per capita return of £9.58 php.

## **A balance in London's favour of 2.8:1**

These taxpayer and Lottery player funds, drawn from the whole country and invested by the Arts Council over these three years, will together total £1.589 million.

- Of this, £689 million (43.4%) will be invested in the arts in London – a per capita return of £81.87 php.
- The remaining £900 million will be invested in the rest of England – a per capita return of £19.80 php.

## **A balance in London's favour of 4.1:1**

Were Lottery funds to have been treated separately and with closer reference to the Directions issued to the Arts Council by the DCMS, these would have been deployed to redress the long-standing imbalances in taxpayer-sourced funding – rather than being used to reinforce them.

In fact, the Arts Council will redirect Lottery funds to major opera and ballet companies, breaching the principle of additionality for the Lottery and benefiting the most expensive art forms (average subsidy per performance £78,860\*) and their existing and already privileged audiences.

\* Figure calculated from information in Arts Council England's internal report (September 2013) on large-scale opera and ballet, commissioned to inform the 2015–18 budgetary decisions and available on their website.

Meanwhile, only 17% of local authority areas in England (predominantly those already most engaged with the arts) have received more back in awards from the Arts Lottery than has been contributed by their Lottery players, while the Arts Council's 'flagship' programme to address areas of least engagement with the arts, Creative People and Places, has been cut by 46%.

Analysis of the National Portfolio programme suggests the implementation of an undeclared policy substantially to reduce the number of awards of up to £100,000 per annum. There has been a net loss of 352 such organisations since 2007–08, generating a saving of £12.8 million, while the programme budget has increased by £15.2 million.

Our report draws attention to the lack of transparency in the operation of the Grants for the Arts programme. Despite guidance that the maximum award under the programme was £100,000, in 2013–14 there were 51 awards over this amount, totalling £10.84 million. Of these, 12 were over £200,000, totalling £4.75 million.

The need for expertise of the highest calibre on the Arts Council itself is fully acknowledged and the probity of Council members is not called into question. Nonetheless, the report notes that the levels of declared interest in larger National Portfolio organisations amongst the current membership (there are 36 of these between 12 of the 14 members of the Council, 21 of them in London) might feed a perception that such interests could have a disproportionate influence on decision making.

The report's analysis shows a disturbing disparity in the Arts Council's funding partnerships with local government in the capital and elsewhere. During the three years to 2012–13 and outside London, local authorities funded National Portfolio organisations in a ratio of 32% to the funds provided by the Arts Council. In London the comparator figure (excluding the funding of the Barbican by the City of London Corporation) is 6%.

London has the clear capacity to do more to fund the arts for its own citizens. It appears that the Arts Council has failed to use its financial leverage to develop or sustain funding partnerships in the capital to the extent that seems de facto to be both policy and practice applied to the rest of England.

## **The Conclusions**

Our research and analysis over the past 18 months illustrates the systemic inability of the Arts Council to reform its policy without external intervention. The forces of custom, practice and vested interest are just too strong, and the overall impression is of an increasingly closed system that operates with insufficient transparency.

We contend that after the next general election any incoming administration should fundamentally review the arrangements for funding the arts and culture in England, including the Arts Council itself.