

2. EXECUTIVE SUMMARY

Provenance and purpose

This report has been independently researched and published by its three authors, who have shared 45 years of professional work in the arts in England. It has not received funding from any external source.

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

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

The policy directions set in train in 1965 by Jennie Lee's *White Paper A Policy for the Arts: The First Steps* and the new resources made available for the arts since 1995 through the National Lottery have helped produce confident and qualified creative communities throughout the country. The infrastructure, maturity, community roots and international networks to respond to new resources for production now exist.

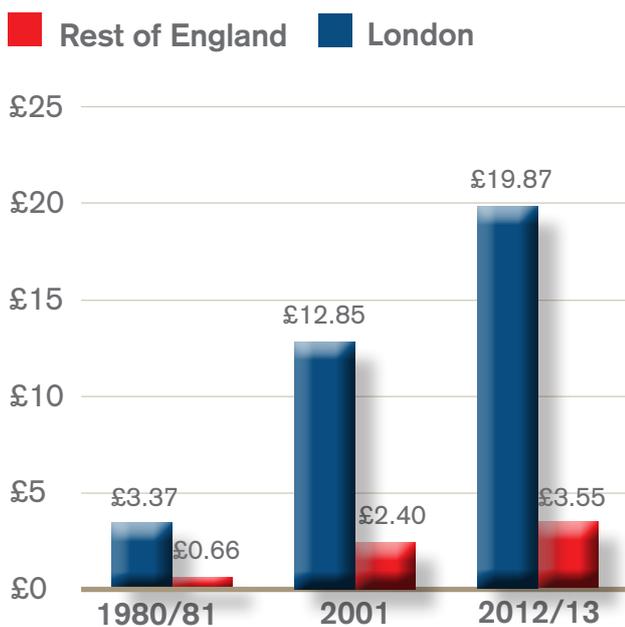
We acknowledge the positive impacts resulting from initiatives such as the 1982 House of Commons Report, the Arts Council's 1984 *Glory of the Garden* strategy and Regional Arts Lottery Programme (1999–2002), Chris Smith's securing of an additional £25 million for regional theatres (in 2000), Renaissance

in the Regions and the Arts Council England (ACE) Creative People and Places programme. Nevertheless, in terms of the overall national disposition of resources, the systemic drift of London bias has continued unabated.

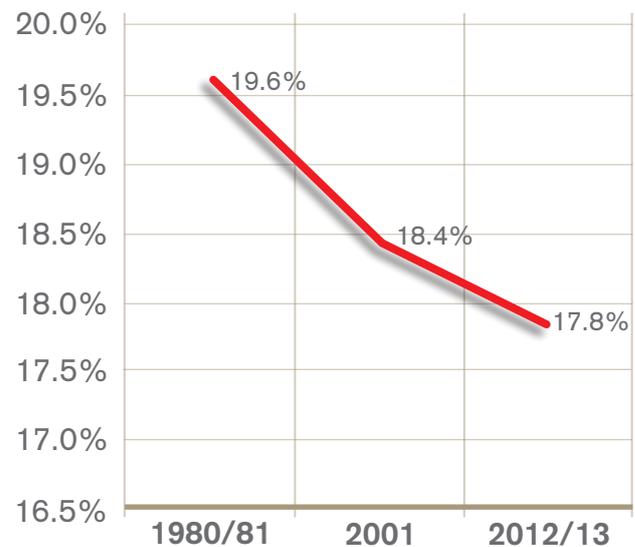
The critical role of the ‘centre’ and the consequences

Analysis shows that the ‘centre’ in England makes decisions on 75% of the public’s funds available for the arts – a far higher proportion than in comparator countries. The record of the Arts Council since 1946 reveals both a consistent pattern in London’s favour and a trend to increase that differential – contrary to stated policy between 1965 and 2010. The trend was first analysed in 1982 and has been studied ever since.

Trend of ACE Treasury expenditure £php



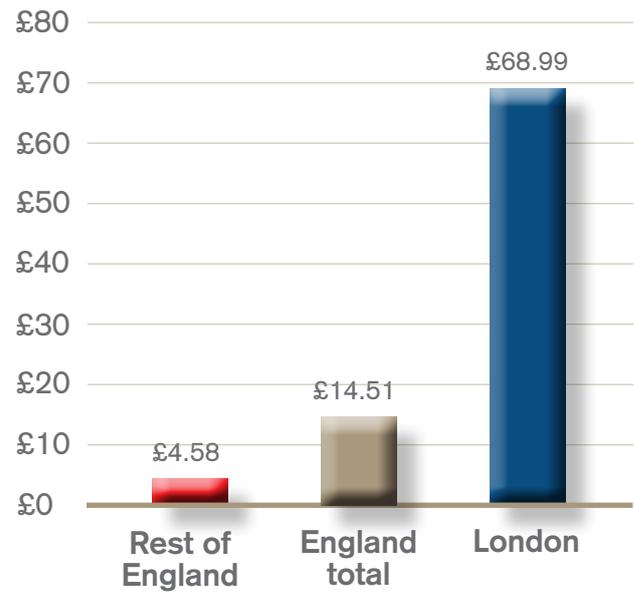
Trend of ACE spending outside London php as a % of total spend



The Department of Culture Media and Sport (DCMS) also funds 16 major ‘national’ cultural organisations directly. In 2012/13 we estimate that 90% of the £450m available was of direct benefit to London. Combining this direct DCMS expenditure with that of Arts Council England produces a benefit per head of population in the capital of £68.99 compared to £4.58 in the rest of England (6.6% of London levels).

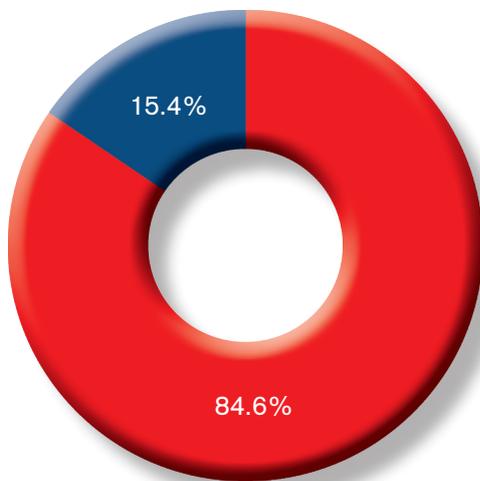
Throughout the period of growth in public sector arts investment since 1946, successive governments and Arts Councils have argued that substantial additional resources would be required to permit addressing the disparity in funding between the capital and the rest of the country.

DCMS & ACE combined Treasury funding php awarded 2012/13



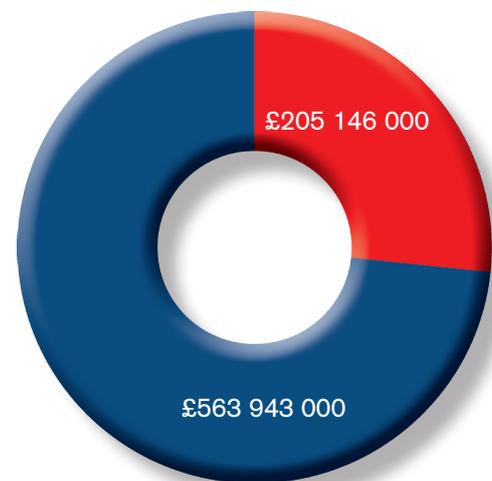
Population distribution in England

■ Rest of England ■ London



DCMS & ACE combined Treasury funding awarded 2012/13

■ Rest of England ■ London

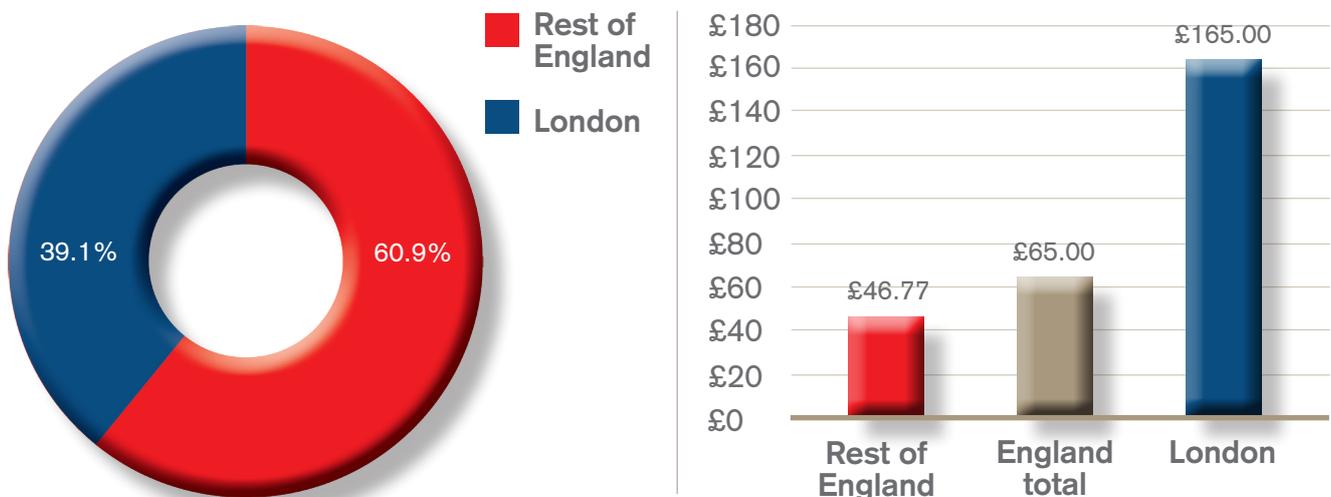


The National Lottery: a different ethical base for funding decisions

Since 1995, Arts Council England has had responsibility for distributing National Lottery funds in support of 'good causes' in the arts. The Lottery was established on the basis that its funding would clearly be 'additional' to whatever had previously come from Treasury sources deriving from universal taxation. By 2 September 2013, Arts Council England had distributed almost £3.5 billion of these new funds across England.

Arts lottery funds result from voluntary decisions of the general public to play. Research confirms that the poorer sections of society play the game more regularly than others, using a higher proportion of their income. This feeds our belief in the need for a different ethical base for allocating funds, requiring a different policy response to distribution – at very least, targeting broad equity in benefit to the country as a whole. Analysis shows this to be far from true in the arts.

Total Lottery spend since 1995: arts (see 7.5.1)



The overall context of the capital’s cultural assets

Other Lottery distributors’ award patterns also favour the capital, but Arts Council England is exceptional in providing London with an average grant size of double the level awarded in the rest of England and a quarter of the total number of grants it has made since 1995.

We have excluded the Lottery funding of £2.2 billion provided to the 2012 Olympic Games and the £600m awarded to the Millennium Dome from all calculations of benefit to the capital.

The bias towards London is also found in other public funding streams, such as those for specialist arts training. We note that only London still enjoys a regional tier of government, with a substantial cultural budget. Only London sustains a substantial commercial cultural sector.

We quote Arts and Business figures showing that 82% of private sector funding of the arts (£660m in 2011/12) was awarded to London-based organisations. We observe that new public sector support to encourage philanthropic giving could exacerbate rather than ameliorate the situation with £18.5m (61%) of the first £30.5m of arts endowment funding under the Catalyst Programme going to London.

The prevalence of international visitors in the profiles of major institutions is noted, as is the fact that two thirds of the population live beyond the cultural hinterland within which the productions and collections of the 'national' cultural organisations are – comparatively – readily accessible. The 'premium' paid by those beyond the capital's 'cultural hinterland' travel distance is quantified (£400 for a retired couple from Leeds attending an evening performance, and £750 for a family visiting national museums over a two-day period). DCMS evidence reveals that, while Londoners have a plethora of opportunities to engage with the arts, their response fails to exceed the national average.

A proposition for change

One way to remedy this imbalance, this lack of easy and affordable access, is to invest substantially in cultural production in the regions. We advocate the creation of a new National Investment Programme of £600m over the five years of a parliament, specifically charged with investment in new cultural production outside London.

We suggest that these funds could be achieved (without affecting the current planned levels of Treasury grant aid to any DCMS directly funded institution or ACE National Portfolio Organisation) by limiting London's access to Arts Lottery funding for 'new and additional activity' to its proper per capita share (equal to that of the rest of England) over that period. London's overall share of public funds for the arts would reduce from 65% in 2012/13 to 55% – still seven times the level of funding per head of population in the rest of England.

We argue that such a change – a reduction of 12.5% – could be managed within the overall resources available to the capital.

Arts Lottery spend php – before and after proposition applied to 2012/13 base

