# Response from Arts Council England to Rebalancing Our Cultural Capital report: Arts Council investment outside London

## A commentary from the authors

### Summary

*We are pleased that the Arts Council has welcomed our report. We are not publishing this commentary but offering it to the limited constituency for whom this level of detail may be relevant to their roles or who wish to engage in the debate at this level of detail.*

*We observe that – from our reading of the response – there is no substantive challenge to the major numbers, to our analysis of them or to the scale of the existing imbalances. Nor is there any address to our policy conclusion of the need for a rebalancing of resources in the Arts Council's recently published 'refreshed' ten-year strategy, in the proposals for a new 'Grand Partnership' announced at the RSA or in the briefing material to inform the imminent round of NPO funding applications and decisions.*

*After careful review of the Arts Council's response to our report we consider our figures, our analysis, our conclusions and our proposition for change to be vindicated. The report stands.*

*Our focus remains on the need to debate and agree a new National Policy for the arts and culture in the context of the next General Election and the 50th anniversary of Jennie Lee's White Paper.*

### Overview

**Rebalancing our Cultural Capital is a welcome contribution to the debate around public funding for the arts across the country. This briefing sets out the Arts Council's approach to ensuring a vibrant cultural scene nationwide, and some facts and figures which support this.**

**1. It is a complex picture but the report rightly points to the need to continue to target lottery funds to places with less arts and culture investment.**

**2. Our strategy has been to build capacity and development through intelligent investment. Our National Lottery funding outside of London in 2012/13 was £174 million. If the figures remain buoyant, Arts Council investment over the next five years will equate to £870 million lottery funding outside of London.**

*These figures (multiplying the – agreed – 2012/13 spend outside London by five) illustrate a maintained status quo. On this basis and during the same period, London would receive*

*£710 million and the ratio of benefit per head would stay at £87 php in London and £19.50 php in the rest of the country. Londoners would continue to receive over four times the benefit available in the rest of the country.*

**3. Our forthcoming investment round will open in January 2014 and a priority will be to ensure a balance of our investment of Grant in Aid and Lottery across the country.**

*Excellent, and we welcome the Arts Council Chairman's statement that change is needed and that the Council should be judged in two years' time. It seems from the figures the Arts Council has used above that a base line has been agreed in 2012/13.*

*The Arts Council has not challenged our analysis of the current position and trends over the past 30 years in the geographical distribution of Treasury Grant in Aid.*

**4. Over the lifetime of Arts Council Lottery spending, funds have been awarded largely outside London in a 60/40 split.**

*We agree this ratio. Bearing in mind the source of the Lottery funds across the country, we set it against a population split of 15/85. This produces a benefit (undisputed) to Londoners of £165 php over the period, set against a benefit outside London of £46.77 php. Over the 18 years of the Arts Lottery to date, Londoners have received over 3.5 times the benefit from the Arts Lottery that has been available in the rest of the country.*

**5. Over the last three years more than 70% of our lottery investment has funded projects outside of London, or on projects which benefit the whole country.**

*We would be pleased if the detail of this calculation could be placed in the public domain and interested if the proportion allocated outside London had shifted from the overall figure of 60% (over 18 years) to 70% (over the last 3 years). We point out, however, that:*

*a) the comparative benefit per head (as at 2 and 4 above) would still be disproportionately in London's favour and*
*b) the figures agreed between us for 2012/13 (at 2 above) deliver only 55% of the Arts Lottery funds to the country outside London and this must raise doubts as to the accuracy of the 70% figure given here.*
*c) it may be that the definitions used rather than the patterns of distribution of funds have been changed.*

**6. We do not recognise the figure of £350 million of income from Arts Council National Lottery as suggested by the report. Our figures are based on figures from the government and are £260 million.**

*As stated in the report, our figure of £350 million takes the base figure for Arts Lottery in 2012/13 of £317 million (see 2 above) and makes an assumption of a modest 10% increase* *in funds as a consequence – in time – of the doubling of the Lottery ticket price. As an insurance against this assumption, we were aware of some additional funds due to be returned to the main distributors on the conclusion of the Olympics.*

*The figure of £350 million was used illustratively to show the relative overall implications for London and the rest of the country of our proposition that Lottery funds only might be distributed proportionately between London and rest of the country for a period of five years to begin to address the scale of current imbalances.*

**If our Lottery income were to go up, our proportionate funding to the regions would do so as well.**

*We observe that – in this scenario – so would Arts Council Lottery funding in London and nothing would change.*

**7. It is not a question of London versus the rest of the country. National organisations have a role in artistic development, pioneering digital platforms and touring across England. They, along with great art and culture from the regions, also give us a leading role on the international stage.**

*We have acknowledged the critical role of London and its cultural infrastructure for the whole country and are delighted to do so again.*

*We also acknowledge the importance of touring and of digital distribution as a supplement, but do not see it as a substitute for the rebalanced investment in resources for cultural production outside London that we propose or for the 'live' experience of a cultural artefact or performance (where digital distribution needs to be developed as a two-way street, into as well as out of the capital).*

*We ask for an equivalent acknowledgement in national policy of the very substantial additional costs of travel and accommodation involved in accessing the capital's cultural offer by the two thirds of England's population that live beyond cultural commuting distance.*

**8. It can be misleading to look at London's benefit per capita. Figures on Arts Council funding relate to where the organisation is administered from, not where its 'impact' is – so funding per-head for organisations and companies that are based in London but which tour or have a regional presence will not give an accurate representation.**

*The availability of more detailed information on the patterns of benefit of touring weeks across the country (including the benefit to London of organisations such as the RSC touring into London) would seem to be important further information for the ongoing debate.*

## The landscape of public arts funding

**It is important to separate out the various sources of funding which go towards arts provision in England, of which the Arts Council is just one source.**

*We accept the figures but fail to understand their precise importance in the specific context of our analysis, the conclusions we draw and the proposition we make. The only significant differences between the figures quoted here and those in our report would appear to be:*

*a) our figure for Local Authority spend in England is taken from CIPFA estimates (see table 7.1). It may be that the Arts Council has - reasonably - included Library expenditure in their higher total. Neither our analysis or conclusions are affected by this. Our concern is with the distribution of National funding.*

*b) The Arts Council includes over £100 million of funds in its total spend for 2012/13, shown in their accounts for 2012/13 as 'National'. However, the amounts of this 'national' funding allocated to London have not been added to the figure they give for London spend. If this 'national' total is redistributed between London and the rest of the country, preliminary analysis suggests that the overall ratios of benefit between them does not change from the figures used in the report.*

- **Local Government is by far the biggest single funder to arts and culture in England, injecting around £720million annually**
- **Approximately £450million of funding – to national museums, galleries and libraries – is directly funded by DCMS**
- **In 2012/13, around £440 million was distributed by the Arts Council from general taxation, or Grant in Aid (from DCMS and the Department for Education), with £162 million going to London.**
- **A further £317 million was also distributed by the Arts Council using proceeds from the National Lottery, in addition to core funds.**
- **The amount of Lottery money available to spend fluctuates year-to-year, for example, in 2011/12 there was £162 million.**

## What we are doing

**We recognise that there is work to be done – but it is also important to recognise what has been achieved since 1965 in building cultural provision outside of London.**

*We do so recognise and we do so celebrate. Our report, however, analyses and seeks to address the gross imbalances that exist between London and the rest of the country that have grown over the past 60 years.*

*What the arts outside London achieve on a fraction of the resources (from all sources) available to their colleagues in the capital is a cause for great pride and proof of what could be achieved throughout the country with rebalanced funding.*

**Some of the most inspiring and challenging artistic work is made outside of the capital; Birmingham Royal Ballet and Birmingham Opera, the Sage in Gateshead, the Turner Contemporary in Margate, Nottingham Contemporary, the Hepworth in Wakefield Opera North in Leeds.**

**Many of these have been established in the last 15 years and represent a small part of the Arts Council's major investment to build up capacity outside the capital.**

**These are challenging times for the sector and the Arts Council is alive to the need to invest strategically in increasing access and provision in the regions; this is part of our core strategy.**

*We welcome the substantial improvements made in 'access and provision', although disproportionately between London and the rest of the country. Our argument is that funding for 'new and additional' cultural production has not followed that investment in infrastructure outside London.*

*We note again, the absence of any reference to a strategy to strengthen cultural production in this way in the Arts Council's newly published and 'refreshed' strategy for the next ten years.*

**Aside from the 695 National Portfolio Organisations, we fund a number of programmes which have a high impact right across the country. Some examples are:**

*Many of these initiatives are to be welcomed, but we note the extent to which the distribution of some 'Strategic funds' – most notably Catalyst and Capital funding – has been very substantially skewed in favour of London and that all are 'centrally' determined, whereas our proposition would locate new 'strategic' resources at regional and sub-regional level in partnership with collective local authority, business and civil society agencies charged with overall regional development.*

**Strategic touring – In addition to the core funding we give to companies that predominantly tour, we also run a £45 million 'Strategic touring programme' which encourages collaboration between organisations, so that more people across England experience and are inspired by the arts.**

**Capital programme – Over the period 2012-15, our £243.6 million Capital investment programme will support organisations all around the country to develop resilience by giving them the right buildings and equipment to deliver their work, and to become more sustainable and resilient businesses.** 1.

**Creative people and places – This £37 million fund focuses our investment in parts of the country where people's involvement in the arts is significantly below the national average, with the aim of increasing the participation**

**Creative employment programme – This is investing £15 million to provide match funding for 6500 apprenticeships and internships for people aged 16-24.**

**Music education hubs – We are investing £171 million in a network of music education hubs across the country, which will ensure that every child aged 5-18 has the opportunity to sing and learn a musical instrument.**

**Major Partner Museums – Our 16 Major Partner Museums, of which only two are in London, receive over £20 million per year.**

**A priority for us in the next investment round which opens in January 2014 will be to ensure a balance in our investment across the country.**

*The Arts Council Chairman has acknowledged that rebalancing is necessary as between London and the rest of the country and has asked that the Arts Council be judged on its performance in this regard in the autumn of 2015.*

*The results of the imminent investment round in National Portfolio Organisations funded through treasury grant in aid will be a substantial determinant of the judgement that will be formed at that point.*

### The report's proposal

**The report proposes a 'National Investment Programme' of £600 million over the life of a parliament (five years), or £120 million per year, specifically charged with investment in new cultural production outside London.**

**Using 2012/13 as a guide, when £174 million was spent outside London, the Arts Council would already invest around £870 million over five years.**

*These figures (multiplying the – agreed – 2012/13 spend outside London by five) illustrate a maintained status quo. On this basis and during the same period, London would receive £710 million and the ratio of benefit per head would stay at £87 php in London and £19.50 php in the rest of the country. Londoners would continue to receive over four times the benefit available in the rest of the country.*

**The assumption made in the report that National Lottery funding for Arts Council England will rise to £350 million per year is speculative and is not in any existing forecasts. The more realistic DCMS forecast is for £260m, leaving a £90m shortfall to the proposed allocation every year.**

*As stated in the report, our figure takes the base figure for Arts Lottery in 2012/13 of £317 million (see 2 above) and makes an assumption of a modest 10% increase in funds as a consequence – in time – of the doubling of the Lottery ticket price to arrive at our figure of £350 million. As an insurance against this assumption, we were aware of some additional funds due to be returned to the main distributors from the Olympics.*

*The figure of £350 million was used illustratively to show the relative overall implications for London and the rest of the country of our proposition that Lottery funds only might be distributed proportionately between London and rest of the country for a period of five years.*

**Making up this shortfall would require a drastic reduction in the amount of money that we were able to give up and coming artists in London. It would also leave little for existing investments beneficial outside London like Creative People and Places, Strategic Touring, and other schemes to develop talent.**

*In the context of our analysis (undisputed here) of the current very substantial imbalances between investment from DCMS, Treasury Grant in Aid and Lottery funds between London and the rest of England, we acknowledge that this would be a consequence of our proposition. London would receive its per capita 'fair share' of Lottery funds.*

**On subsidy per attendance, our existing investment does not favour London unduly.**

*As per the more detailed commentary on this new 'measure of benefit' below, we suggest that its introduction into the debate could be a two-edged sword in the argument as between benefit to London (or Londoners) and the rest of the country.*

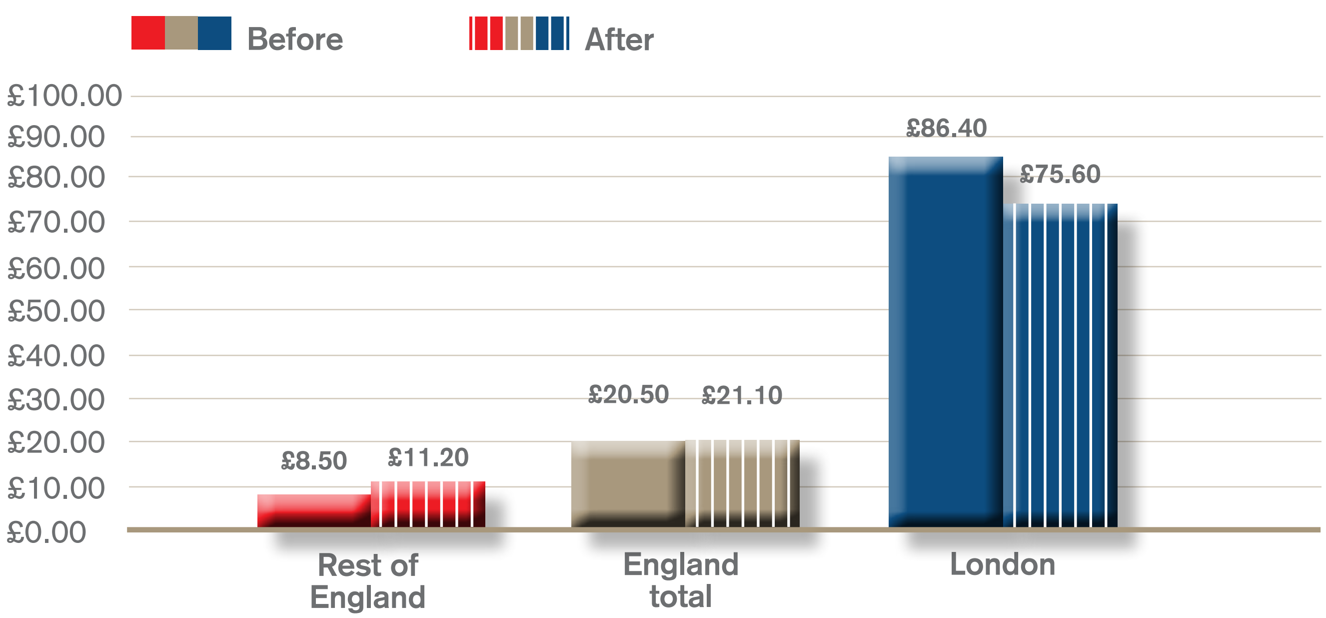
**We would also note that at page 39 the report suggests that 'Arts Lottery' spend per head is £86.40 in London. This is not correct. Arts lottery spending per capita in London was £17.26 in 2012/13.**

*We are grateful to the Arts Council for pointing out an error in our report. The error is, however, not in the numbers but in the titling of the bar chart that appears on pages 12 and 39 of our report.*

*The following table which appears on pages 12 and 39 of our report is misleadingly titled. We are grateful to colleagues at Arts Council England for pointing out to us that clarification would be helpful. It is being altered in the report available on this website.*

*The correct title is now shown as*

**Impact of the proposal on the total php funds available in London and beyond**



**Explanation**

*The bar chart is based on a comparison of the tables on pages 36 and 38 of the report.*

*The basis of the 'Before' figures is reported 2012/13 actuals and estimates, detailed elsewhere in the report. The 'After' figures use the same base, but with the possible increase in Lottery revenues that we have estimated at £350 million, with the cap to its per capita allowance applied to London.*

*We note that the Arts Council believes our estimate of Lottery revenues to be over optimistic. Nevertheless, we observe that this does not affect the purpose of the chart, namely to illustrate what we believe to be a manageable reduction in the overall resources available to the arts in the capital from taxpayers and lottery players throughout England.*

*A lower estimate of National Lottery take could still lead to our target of £600 million for the National Investment Programme outside London being achieved over a slightly more extended timescale, or by being supplemented from other sources. Alternatively – and without damage to the principles of our proposition – the amount to be made available would be reduced.*

### How our investment benefits individuals across England

**Leaving aside other funders, and using a more representative measure of subsidy per attendance, London in fact has the lowest Arts Council subsidy per attendance at £4.09.**

*We do not understand how the statement that this measure is 'more representative' can be substantiated. We also note that in its most recent research report into the balance of funds between urban and rural areas, the Arts Council bases its arguments on the distribution of funding on benefit per head of population, as in our research and all similar studies of the past 30 years.*

*Beyond this, attaching benefit to the individual attendance places the focus of enquiry of public benefit on the individual and – for example – delivers most benefit to those who can afford to attend the highest priced (but still publicly subsidised) arts events most frequently found in London. It might also raise questions of benefit provided to non-tax payers – principally visitors from abroad – who are far more present in London Museum attendances and audiences than they are elsewhere in England.*

**This excludes the biggest four National Portfolio Organisations (NPOs) that we fund in the capital (Royal Opera House, Southbank Centre, National Theatre and English National Opera) – but even if these are included it is the second lowest at £6.15, with only the South West lower.**

*We cannot understand how there could be a case for these exclusions. Rather – as above for both the Arts Council's funding of these very institutions and the DCMS direct funding of the major London-based museums – this measure of benefit invites very specific scrutiny of the audiences and attendees who derive the benefit of funds provided by taxpayers in the whole* *of England. We also note that three of the London organisations cited do not tour to the rest of the country.*

**The Midlands (including the Royal Shakespeare Company) had the highest subsidy per attendance at £11.40.**

*These figures appear not to take into account the proportion of RSC funding that should – by the Arts Council's arguments here on touring – be allocated to London for the RSC's work in the capital.*

**In the current climate, we believe it is best to strengthen capacity outside London rather than weakening investment in the capital.**

*This statement – whilst apparently unexceptional – is logically flawed.*

*We believe that even in the current climate London's arts and culture have access to the resources to survive and thrive with the modest (12.5%) rebalancing of public funds for the arts to the rest of England over the five-year period that we propose.*

*This modest change can be achieved by allocating arts lottery funds on a per capita basis between the capital and the rest of the country for that period.*

1. There is an important distinction between Lottery income and expenditure, unlike Grant in Aid. Lottery income does not have to be spent in the same year it is received. For example, capital awards for building projects are best spread over several years.