

# Written evidence submitted by Arts Council England for the APPG for Reform, Decentralisation and Devolution in the UK's inquiry into Better Devolution for the Whole UK

## Introduction

1. This submission is made by Arts Council England. The Arts Council is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). Arts Council England is the national development agency for the arts and culture in England. We support a range of activities across the arts, museums and libraries. Between 2015 and 2018 we will invest £1.1 billion of public money from government and an estimated £700 million from the National Lottery to help create experiences for as many people as possible across the country.
2. In delivering our goals we work closely with local government across England, and we seek to take account of, and positively contribute to, the development of devolution to English local authorities. Additionally, we recognise the potential for collaboration between the constituent parts of the UK to develop the cultural life of the nation for the benefit of all its citizens. Our response will relate primarily to area 2 – Local government; although we will also refer to Area 1 – Devolved nations.

### Summary of key points

#### Local Government

- Devolution could mean better place based policy making and this presents opportunities for the cultural sector to create value for places and for the UK as a whole
- The success and sustainability of the arts and cultural sector in England depends on effective partnership between Arts Council England and local government
- There is, and will be, a continuing role for the Arts Council as the national development agency for the arts and culture, at “arm’s length” from government – taking an expert national overview and having the ability to invest strategically at scale to help local places realise local, regional, national and international opportunities

- Devolution will create opportunities for local places to utilise new powers, partnerships and revenue streams to grow the cultural sector, and we need to rethink how local government and the Arts Council collaborate to support this
- The Arts Council has used the concept of a ‘duty to collaborate’ to frame how we think about the ways in which we can work with local partners to realise the opportunities of devolution. This may involve new governance models, investment vehicles and business models in the cultural sector

#### Devolved nations

- There are already effective collaborations across the nations and regions relating to cultural policy, and the Arts Council delivers UK-wide functions in a way that engages with the relevant partners in Scotland, Wales and Northern Ireland
- Further consideration should be given to how cultural agencies across the nations and regions can build on these existing successful collaborations with each other for the benefit of the cultural sector and for the citizens of the whole UK

### **Local Government**

3. We have a direct interest in devolution to local government within England and we wish to contribute positively to the debate on how it progresses. The Arts Council cannot deliver its priorities without full and effective partnership with local government, and we believe that we add value to local government’s support for arts and culture.
4. Our approach to working with councils is set out in our joint Statement of Purpose, agreed with the Local Government Association (LGA) in 2012<sup>1</sup> which makes clear the complementary value of our partnership. Local government is the democratically legitimate leader of place, while the Arts Council is the national development agency. Partnership between councils and the Arts Council brings together local accountability and understanding of communities with a national body able to invest strategically at scale and to bring sector expertise. Although we intend to revise this Statement of

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<sup>1</sup> [http://www.local.gov.uk/web/guest/culture/-/journal\\_content/56/10180/3796188/ARTICLE](http://www.local.gov.uk/web/guest/culture/-/journal_content/56/10180/3796188/ARTICLE)

Purpose we anticipate that these principles will continue to underpin the way in which we work with local authorities. We continue to see the value of a national development agency, able to take an expert and strategic national overview, and able to invest and support at scale. We consider this role to be fundamental to the health and sustainability of the cultural sector, but we recognise our essential partnership with local government and the key role of local authorities in the strength of England's cultural life.

5. We would also want to emphasise the importance of the "arm's length" principle in policy and investment decisions around arts and culture. The Arts Council is subject to democratic oversight and we do recognise the limits to our reach into local communities (hence our partnership with local government) but our value and our legitimacy derive in large part from the fact that in the UK particular decisions on arts funding are not made by politicians but by properly appointed and regulated expert NDPBs. We would want to make the case for this to be protected as devolution develops.
6. Alongside this, relationships with local government will remain crucial. It is important to recognise how the ecology of England's cultural sector is changing as devolution progresses. Public investment from the Arts Council and local government to arts and cultural organisations will continue to be important, but we anticipate that funding mechanisms will change as central government grant reduces and the proportion of total revenue raised locally increases. Cultural organisations supported by councils may see the nature of that support change too, and local authorities have a vital role in helping diversify income streams and developing new business models for cultural organisations. Crucially, local government already has the power to act locally around arts and culture, and has a statutory duty to deliver public library services. The challenge is to ensure that arts and culture can exploit the opportunities that devolution presents, and that the Arts Council and local government can work in partnership to achieve that.
7. The Arts Council and individual local authorities have developed a number of shared approaches to sustaining and growing local cultural sectors that we think can be adapted and taken further as devolution progresses. For instance, we have developed a formal memorandum of understanding with Bristol City Council which underpins shared approaches to investing in local cultural organisations. As well as providing a mechanism for deciding

shared – and respecting differing – investment priorities, it enables the City Council to have access to the Arts Council’s artform expertise in making its own investment decisions – which is more efficient than maintaining that expertise in house. Having a well-established forum to jointly consider strategically the local cultural infrastructure means that we and the local authority are able to identify regional and national opportunities which can secure Arts Council support. We have worked with the Council to develop a cultural programme to support Bristol’s status as European Green Capital, bringing our capacity to an opportunity we think is of national significance, having identified and developed that in partnership with the Council. Similarly, we are working with in partnership with Hull City Council to make the city’s 2017 status as UK City of Culture a success – a further example of how we can work with local partners to identify and exploit strategic opportunity.

8. In a number of other places we have good and productive relationships with local authorities that, as devolution progresses, we consider could similarly be developed under formal governance mechanisms. These would of course be locally appropriate and we anticipate that they would thus vary in form and purpose, but we think they could achieve the following:

- Provide a mechanism for agreeing long term development and investment priorities for a local area
- Development and governance of shared investment vehicles (see below)
- Engaging with cultural sector organisations, civil society and private sector stakeholders

9. Our thinking in this regard has been informed by the concept of the ‘duty to collaborate’ as set out in the Respublica report *Restoring Britain’s City States* (2015)<sup>2</sup>. We consider that such a duty, incumbent upon all public agencies within a locality, to work together to address common challenges, would provide a mechanism for national agencies to respond effectively to devolution. We would respond positively to such a duty – statutory or otherwise – and this submission demonstrates that we are already using this concept as a starting point to consider our own response to the opportunities of devolution.

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<sup>2</sup> <http://www.respublica.org.uk/wp-content/uploads/2015/02/Restoring-Britains-City-States.pdf>

10. We do not consider that devolution necessitates the devolution of our funding to local authorities. For the reasons set out above there is huge value in a national development agency working with local government and we will continue to argue strongly for this. Devolution of the Arts Council's budget on a per capita basis would dissipate the impact of that investment. There would be no strategic investor of scale able to support local opportunity or help scale that up for regional, national or international impact, and no national development agency able to lead a socially vital and increasingly economically important sector. The funding challenge as we see it is for the cultural sector to benefit from new investment and business models that will be developed as devolution progresses. These could help grow local cultural sectors, adding cultural, social and economic value to the places where they develop. In our view this offers greater opportunity for sustainable local culture than simple devolution of existing national funds. That might sustain some local investment in some places in the short term, but would merely reduce investment impact overall and lead to inefficiencies as local areas had to create from scratch infrastructures and expertise to distribute funds from the National Lottery.
11. We understand the challenges facing English local government to financially support the cultural sector, but we do not see devolution of our funding as the answer to this issue. Rather we want to work with local government to maximise the opportunities of devolution to achieve financial sustainability and as a basis for growth. As part of this we recognise that we need to take account of regional imbalances in our investment, and this is why we have committed to increasing the proportion of National Lottery investment outside of London from 70% in 2014/15 to 75% in 2018/19.
12. We see potential for the cultural sector should devolution lead to local authorities increasing the proportion of their revenue that is raised locally. The Arts Council's role as a national development agency means we can help the development of new investment vehicles which can support local growth – providing resource and expertise to get new ways of working off the ground and sharing the learning that emerges across the sector and the country. We already have experience of working in this way, for instance working with the LGA to identify and share good practice in local government. We think this would be a major contribution that we could make to helping make devolution to local government a success.

13. Our focus in this regard would most likely be working in this way to identify and develop new ways of funding culture. We are already in discussion with a number of local authorities around how new investment models can help them find ways to sustain support for arts and culture. For instance, building on the opportunities presented by business rate retention. We are actively discussing the potential for new investment vehicles which can take advantage of this, and could also be supported by the Arts Council.
14. Such investment vehicles could operate under new formal governance arrangements for places. This would reflect that devolution, as well as offering new ways to fund arts and culture, also requires new ways for the Arts Council to partner local government. We would anticipate that local areas would develop new investment mechanisms and that these would vary across the country, reflecting how different areas take advantage of the opportunities presented to them.
15. We also see the potential for more effective place-based policy making, to enable culture to add even greater value to local, regional and national life. Investing in culture delivers economic and social as well as cultural value, and devolution will enable effective place-based partnerships to realise this. These partnerships will vary from place to place but are likely to include higher and further education institutions, Local Enterprise Partnerships and (as culture increasingly realises its potential to promote health and wellbeing) the NHS and other health and social care commissioners. These partnerships will be more complex than that of the Arts Council/local authority/cultural sector but potentially more effective and of greater value to communities and people.
16. We recognise that the devolution will not proceed at the same pace in all places. Yet, the Arts Council retains responsibility to promote the development of the arts and culture sector across the whole of England and to increase access to opportunities for everyone to engage with arts and culture. We will need to take account of places where engagement with arts and culture is lower than in other areas, or where the cultural sector is weak or where its sustainability is at risk. The Arts Council is able to provide this national overview and make national investments to address such challenges. For instance, we are investing in collecting data about the levels of engagement with the arts, museums and libraries in each local

authority area – data which we will share with local government as well as with the public. We also develop national programmes which bring together local partners to address challenges which have a place dimension – our Creative People and Places programme<sup>3</sup> will invest £37 million into areas of identified low engagement in the arts to boost participation by strengthening and growing community-led arts partnerships. This is the kind of intervention that we can take as a national agency that makes a real difference locally because our ability to invest strategically at scale.

17. Devolution in England will not proceed at a uniform rate, and this is likely to impact upon the extent to which local areas can take advantage of the opportunities to sustain and grow the cultural sector. While the Arts Council has no role as a regulator we are the national development agency, and we can bring to bear our national oversight and expertise to strategically invest with local partners where people may otherwise be penalised by where they live in terms of access to arts and culture. Devolution provides opportunities but may bring challenges. In some places local authorities may not be able to benefit from new fiscal mechanisms due to the relatively small size of the private sector or housing markets. As devolution develops we anticipate a key role for the Arts Council in identifying where such challenges exist and working with local partners to sustain local and national investment – all the while remembering that the Arts Council is a strategic investor at scale, rather than a source of funding to make good reductions in local government support. In taking account of the opportunities and challenges presented by devolution the Arts Council will seek to improve its understanding of and sensitivity to place. For instance, we have already begun to develop an evidence based approach to arts and culture in rural areas<sup>4</sup>. Sensitivity to place and being able to contribute to both devolution settlements and deal with the differential impact of devolution settlements will be key requirements of national agencies such as the Arts Council in the future.

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<sup>3</sup> <http://www.artscouncil.org.uk/funding/apply-funding/apply-for-funding/creative-people-and-places-fund/>

<sup>4</sup> <http://www.artscouncil.org.uk/what-we-do/research-and-data/rural-positioning/> and <http://www.artscouncil.org.uk/what-we-do/research-and-data/rural-evidence-and-data-review/>

## Devolved nations

18. Cultural policy making has been devolved to the administrations in Scotland, Wales and Northern Ireland, and within England local authorities already have statutory responsibility for public library services and powers to make policy for and invest in arts and culture. People experience, engage with and create arts and culture in their neighbourhoods, localities, regions, nations – and across the whole UK. To this extent devolution of cultural policy and support has been appropriate and successful.
19. Alongside this, there are many successful examples of UK-wide policy making and support for culture. Arts Council England invests alongside Creative Scotland, Arts Council Wales and the Arts Council of Northern Ireland in cross-border touring<sup>5</sup>. We have also jointly invested in activity where all citizens of the UK stand to benefit, for instance in support of Derry/Londonderry's year as UK City of Culture 2014, the First World War Centenary, and of course taking forward the nationwide legacy of London 2012.
20. Culture has the power to bring people together, to help us negotiate difference safely and to promote inclusive, shared identities. As devolution progresses there is a key role for arts and culture in bringing together the people of the UK while providing them with the cultural opportunities to help them understand their place within, and aspirations for, their regions, nations and country.
21. Collaboration between the devolved administrations and English local authorities around the UK dimensions of arts and cultural policy could be enhanced. Where reserved functions affect cultural policy then the UK government, through DCMS, should seek to engage with and consult the devolved administrations, Arts Council England and English local authorities. As the economic contribution of culture to the creative industries is increasingly recognised, the UK government should ensure that the devolved administrations, Arts Council England and English local authorities (via the LGA) are consulted and encouraged to collaborate as appropriate on relevant issues, e.g. EU Structural and Investment Funds, UKTI activity, etc. Developing and enhancing collaboration between the

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<sup>5</sup> <http://www.artscouncil.org.uk/funding/our-investment-2015-18/strategic-funds/developing-reach/>

relevant bodies across the UK can also help citizens understand and develop British culture. In our view there is much to be gained through working together across the UK and we would want to explore with our counterparts in Scotland, Wales and Northern Ireland the chance to embed and improve this as devolution progresses. The duty to collaborate could perhaps be adapted to relationships between the devolved administrations and England-only bodies such as ourselves where opportunities arise to develop our cultural sector for the whole UK.

22. Arts Council England already delivers certain statutory cultural property<sup>6</sup> responsibilities across the UK, such as export controls, the Acceptance in Lieu and Cultural Gifts Schemes, and large elements of the Government Indemnity Scheme<sup>7</sup>. Delivery of these functions across the UK brings benefits of scale whilst we also work closely with the relevant bodies in the devolved nations to ensure alignment and sensitivity to local circumstances. Likewise, the Arts Council has developed a partnership agreement with our partner organisations across the UK for the delivery of the Accreditation Scheme for Museums<sup>8</sup>, again allowing benefits of scale and alignment, sharing of intelligence and sensitivity to the delivery needs in each nation's context. The importance of collaboration and information exchange is also reflected in networks such as ALMA UK<sup>9</sup>, which brings together the development bodies for archives, libraries and museums for intelligence sharing and, where appropriate, practical collaboration. The policy and practice of the UK government, the devolved administrations and English local government should give due consideration to enabling collaborations of this kind as devolution progresses and we should guard against inadvertently creating barriers to working together.

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<sup>6</sup> <http://www.artscouncil.org.uk/what-we-do/supporting-museums/cultural-property/>

<sup>7</sup> <http://www.artscouncil.org.uk/what-we-do/supporting-museums/cultural-property/protecting-cultural-objects/government-indemnity-scheme/>

<sup>8</sup> <http://www.artscouncil.org.uk/what-we-do/supporting-museums/accreditation-scheme/>

<sup>9</sup> Archives, Libraries and Museums Alliance UK <http://almauk.org/>