

Local government, art and culture: the future



Sir Peter Bazalgette speech on local authority support for art and culture in England

**National Local Government Network
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Introduction

Thank you for coming this morning. And thank you to Simon and the New Local Government Network for inviting me here.

Today, I want to speak about the single biggest challenge currently facing our sector - the pressure on Local Authority funding for arts and culture.

I'm going to talk about some of the 'pinch points.'

Then, I'll tell you about how local councils are responding with imaginative, innovative ideas. And finally I want to set out how the Arts Council is helping to tackle this challenge.

You'll see on your chairs the excellent review of available data the New Local Government Network has produced for us.

If you include libraries, which you should, Local Authorities are still the biggest funder of arts and culture in England. Bigger than the national government funding of the Arts Council and the National Museums. And bigger than the current lottery support.

But, given their diminishing budgets, Local Authorities are facing difficult decisions - and this is increasing the pressure on budgets for arts and culture.

Most Local Authorities have an informed understanding of the benefits of investment in arts and culture:

- How they drive a better quality of life and wellbeing.
- How they can promote tourism and stimulate the creative industries
- How they are essential to education...
- And overall, they know that arts and culture can build an area's reputation – creating a unique sense of place.

Arts and culture have a crucial social function. But unlike social care – local government's major cost – the funding of museums and theatres is discretionary, not statutory.

And since 2010, local authority investment in arts and culture has declined by 17% - which amounts to £236m.

That percentage is below the overall cut to local government – that's encouraging. But the indications are that cuts will grow in speed and size in the next four years, despite the strenuous efforts of many councillors and officers who know how important art and culture are to their communities.

The sector context

Now, last month saw the launch of the White Paper for culture – the first of its kind in more than 50 years. It reaffirmed the importance of local authority funding in the national arts ecology.

The White Paper makes placemaking one of its four key ambitions. And we look forward to launching the Great Place Scheme with the Heritage Lottery Fund and DCMS.

And ambition is a key word. We're currently expecting ambitious bids from the likes of Bristol, Coventry, Gloucester, Hereford, Leeds, Milton Keynes, Stoke-on-Trent, Sunderland and Tees Valley, for both UK and European Capitals of Culture.

These cities know how transformative arts and culture can be. We see Hull harnessing this power for 2017.

But it's by no means tied to the City of Culture competitions.

In the past six months alone, I've seen this widespread ambition at first hand;

in Leicester at the Attenborough Arts Centre, at the MoBo Awards in Leeds, in Bristol at the Festival of the Future City, at the Lumiere Durham, in the Blackburn Museum, with the MAC Trust in Sunderland, and the Royal & Derngate Theatre in Northampton, in The Winter Gardens in Blackpool, at Sheringham Little Theatre in Norfolk.

There was a common thread to each one of my visits.

In every place I sat down with councillors and local government executives and discussed how we can work together to support arts and culture, so that they can benefit communities.

We're able to work positively with these local authorities because of the settlement we had in the Autumn Statement. The Chancellor and his colleagues in the Department of Culture have got behind national funding for the arts for the next four years.

As the Chancellor said: "One of the best investments we can make as a nation is in our extraordinary arts, museums, heritage, media and sport."

In line with that statement, the government made a similarly positive settlement for the National Museums - which are as you know, funded directly.

Many local museums and galleries, by contrast, rely on their local councils for revenue funding. This funding amounted to £184m in 2014/5.

On top of this, the Arts Council invests £42m in our 21 Major Partner Museums and the Museum Resilience Fund, while the capital grants that are so needed by museums come from The Heritage Lottery Fund, and amounted to £94m in the last financial year.

The challenges

So, relying as they do on local government, which is itself under pressure, museums really are at the sharp end. Besides their important role in education museums are nothing less than the custodians of our national and local identities.

But cuts have already led to reduced education services, reduced opening hours, and partial site closures. And now we are beginning to see museums closing as well.

In Lancashire, they're in consultation about plans to close five museums in order to save £65m over the next two years.

In Nottinghamshire, there's the closure of the D.H. Lawrence Heritage Centre at Eastwood. (We might recall that Lawrence believed in the 'spirit of place').

In the West Midlands, the Priory Visitor Centre has shut its doors. And in the North West the Haig Colliery Mining Museum closed.

And this is part of a wider national picture across local art and culture.

Museums. Around 40 museums have closed in the last five years. A similar number tell us they are at risk. Local Authority investment in museums has declined by £33m in that time.

Libraries. These inspiring, accessible centres of learning are necessarily being redefined for the digital era, with Wi-Fi now installed in all of them. But along with some closures, there's been a £154m decline in local authority investment since 2010.

Theatres. Our actors and writers entertain and enlighten us, and they also develop vital talent for the wider Creative Industries. But councils' investment in Theatres has fallen by 18% since 2010 - a loss of £31m. Queen's Theatre in Hornchurch, Nottingham Playhouse, and Wolverhampton Grand have all had significant reductions to their grant, albeit that in each case local councils are continuing to invest. In Wolverhampton, this includes a rebuild that will help them bring in more commercial income.

Of course many arts and cultural institutions have done good work diversifying their revenues, developing alternative income streams and growing commercial activities. And tax credits introduced by the government are playing their part.

My point is that we've managed pretty well - up till now. The real concern is the next four years.

Local government's positive response

Local councils are coming up with a range of ideas to try to continue the vital support for arts and culture.

Firstly, with **innovative partnerships**:

- **Through Shared Services:** The Libraries West Consortium is a partnership of library services in the South West. They use a shared management system to pool resources to achieve significant economies of scale and deliver better services for customers. And in Manchester they're co-locating with other services to create cultural centres, with a common library card for the combined authority.
- **Via Trusts and Mutuels:** Many local authorities, from East Lindsey to Harrow, are setting up trusts. Meanwhile Suffolk and Devon have re-invented their library services as Mutuels.
- **With Higher Education:** Universities are playing an increasingly important role in cultural arts collaboration and placemaking. In Durham, the University will host an exhibition of the former Durham Light Museum's collection. Teesside University has stepped in to run the Middlesbrough Institute of Modern Art. The University of the West of England is collaborating with the Arnolfini in Bristol and is a partner in Bristol's Cultural Development Partnership.
- In concert with **Local Enterprise Partnerships (LEPs)**. New Anglia LEP Cultural board is working with Suffolk and Norfolk County Councils, and the Arts Council, to build arts audiences and the local economy through tourism. South East Midlands LEP wants to grow its local creative businesses, as well as backing the new International Festival in Milton Keynes, and Bedford River Festival.

Secondly, local authorities are seeking **new sources of local revenue** - diversifying funding in imaginative ways.

- **By adding social value to tenders:** Kent County Council have developed an innovative approach to procurement, whereby potential applicants for

multi-million pound waste contracts are encouraged to consider how they can support arts and culture to deliver social value, opening up income streams for artists, and helping them find new ways to contribute to local life.

- **With a tourism levy:** Liverpool City Council is scoping out a voluntary levy on businesses that rely on tourism, and a hotel bed tax, which support arts and culture. It's an idea that could be rolled-out to other cities if successful.
- **Harnessing the demand for preventive health:** Gloucester's City Council are partnering with the NHS Gloucestershire Clinical Commissioning Group and others, a £150k pilot project that uses culture to deliver a range of clinical outcomes, including for cancer, mental health and dementia. This is part of a pilot for the Arts Council's Cultural Commissioning Programme, which will explore how arts and culture can help deliver better public health and stronger communities.
- **With ring fenced funds:** Durham County Council are exploring funds could be set aside to enable the Bowes Museum to book blockbuster exhibitions, such as the Yves Saint Laurent show, which they could not ordinarily afford. Any profits are divided between Bowes Museum and the County Council, which will direct surpluses into a ring-fenced pot for cultural initiatives. Elsewhere there's a putative idea to direct revenue streams from car parks specifically to galleries and museums.

The Arts Council's role

OK – so how can the Arts Council help?

Well, we have a clear message to Local Authorities faced with difficult decisions:
“We’re in, if you’re in.”

We know you are under pressure - but please, find a way to keep the faith, and back local arts and culture. Talk to us. Let's work together to get through these challenges. It will be difficult, but together we can - and must - develop new, creative and innovative solutions to sustain the vital cultural life of our communities.

The alternative is bleak. The loss of irreplaceable local assets. The loss of the very spirit of a place.

To be clear, the Arts Council cannot replace all the funding lost from Local Authorities. We simply don't have the resources.

But we have active partnerships with more than 240 local authorities, including some 80% of top tier councils, all of the Core Cities and the vast majority of county councils.

Through these we're going to work hard to share best practice with all Local Authorities.

For the last few years we've been running workshops for councillors with the Local Government Association. In a week's time we'll be getting together with the 20 or so elected local councillors who sit on our Area Councils. This will kick off the process of spreading inspirational ideas and best practice further afield. It's one of the benefits of being a National Investment Agency with a local network of nine area offices.

And we'll continue to deploy **Arts Council funds in dynamic and imaginative ways**. For example:

- **Creative People and Places:** our £50m investment in areas of low arts take-up has created 21 CPP partnerships. It's working positively in places like South Tyneside and Sunderland, Lincolnshire, Stoke, Derbyshire and Nottinghamshire.
- The **Cultural Destination Fund** helps cultural organisations contribute to growth in tourism, in 10 places across England. Cornwall 365 focuses on using cultural assets to make the county a year-round destination. In Lincoln, tourism businesses and cultural organisations are collaborating for the first time, and growing the tourism economy, with great success, particularly around the Magna Carta 800 commemorations.
- **Creative Local Growth Fund:** With the support of the Greater Birmingham and Solihull LEP, Birmingham City University secured £500k from the Arts Council's Creative Local Growth Fund to support

STEAMHouse, a centre to drive growth through arts and science. This centre went on to attract £14m investment by the Government, and a further £2.9m of European money and £5.0m from other sources. So, relatively small sums of investment from the Arts Council can help leverage much more.

- **The Museum Resilience Fund:** the Transformers programme at the Museums Association invests in leaders who have creative, enterprising ideas – through leadership development and direct micro-grants for their ideas. And in the SW, we're investing in the museums called the 'Wessex five' – Salisbury, Poole, Bournemouth, Devizes and Dorset County, as they develop a more commercial approach. Poole, for example, has doubled donations on the door through the introduction of new donation boxes that allow visitors to choose which projects their money goes to.

Next, of course, we'll continue our drive to create a better **balance of spending** between London and the rest of England.

The Arts Council is committed to this. Let me tell you about our progress.

Lottery funding began in the mid-1990s.

Historically, 60% of this funding was distributed outside London, and 40% within London. By last year, this had shifted to 70% outside London and 30% inside. And in the next two years we're promising to push this to 75%-25%.

Lottery is the Arts Council's first funding stream. The government - and the taxpayer - is the second. It's called **Grant in Aid (GIA)**.

- In the 1950s, around 70% of Arts Council and related funding from the government for culture went to the capital - only 30% was distributed outside London.
- Today, just over 40% of our total Grant in Aid goes to London, and around 60% is invested outside London.
- And if you look at our National Portfolio Organisations, where we invest the bulk of our GIA, this now also breaks in favour of outside London. In our next funding settlement, in 2017, we're committed to continuing this trend.

So, in summary, we'll continue to work with local authorities in:

1. championing and spreading innovative ideas
2. diversifying revenue streams
3. using Arts Council funds in dynamic and imaginative ways
4. redressing the balance of spending in England.

We're also looking at other ways of working collaboratively. There's another opportunity for us as **Combined Authorities** are being set up. They bring ambition and their knowledge of people and places, to the table. We bring our cultural development expertise as a National Development Agency, and our ability to shift our investment, at scale, to match ambition, wherever it is.

Culture is a feature of combined Authorities deals for Tees Valley and Liverpool and we're collaborating with both of these.

Finally, nationally, we have our longstanding and productive relationship with the **LGA**. We jointly advocate for the value of local investment in arts and culture, and we work closely together to build capacity in local political leadership, providing residential academies for councillors responsible for cultural services.

Conclusion

When you add up the annual, national and local government spend on arts, museums and libraries, it comes to £3billion. This is, of course, a substantial investment. But, as we've seen, the bit that's really looking challenged is the contribution of local authorities.

We strongly agree with the Government's new Culture White Paper which states that:

"Culture is strongly rooted at a local level, it draws on and reflects the rich diversity of our communities."

"Culture is integral to the identity of local areas up and down the country and has the potential to transform a place."

Now, the Arts Council can't change the economics of local government - and we cannot bridge the funding gaps. But what we can do as a national development

agency is use our own relationships to broker new partnerships that bring investment and expertise together – so they make more of each other.

We can focus special funding on particular areas of need; we can invest in the best ideas. We can get the message out that there are ways to make a difference.

And we can **all** advocate for the transformative power of arts and culture, which should be there for everyone.