



DEPARTMENT FOR CULTURE, MEDIA AND SPORT

**Government Response
to the Select Committee Report
on Funding of Arts and Heritage**

*Presented to Parliament by the
Secretary of State for Culture, Olympics, Media and Sport
by Command of Her Majesty
June 2011*

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DCMS RESPONSE TO SELECT COMMITTEE REPORT ON FUNDING OF THE ARTS AND HERITAGE

The Department for Culture, Media and Sport (“the Department” is pleased to have the opportunity to respond to the conclusions and recommendations of the Culture, Media and Sport Committee’s (“the Committee’s”) report on funding of the arts and heritage.

The DCMS welcomes this report, and the important contribution that it has made to the continuing debate over arts and heritage funding. The DCMS is pleased that the Report recognises the importance of both the arts and heritage sectors to the UK’s cultural life.

The DCMS remains wholly committed to the arts and heritage, especially during difficult economic circumstances.

The costs of the Arts Council

1. The fact that the Arts Council was able to make such significant reductions in spending on its own administration while still functioning well as an organisation indicates it was previously spending far too much on itself. Its previous cuts will undoubtedly make it harder to achieve a further saving of 50%, particularly given the new responsibilities that the Arts Council is taking on. (Paragraph 31)

We recognise the work Arts Council England have carried out in this area, reducing operating costs as a proportion of their income by a third (from 9.3% in 2001/2 to 6.6% in 2009/10).

The Department recognises the importance of all publically funded bodies cutting back on administrative costs to ensure that as much money as possible reaches front line organisations creating and sharing great art. While a saving of 50% will be difficult for all of our Non-Departmental Public Bodies, the Department feels it is achievable and is demonstrating leadership in this area by reducing our administrative costs by 50% in turn.

2. While the overall budget cuts imposed on the Arts Council are severe, it must be remembered that they occur in the context of the Government’s Comprehensive Spending Review which aims to reduce public spending by £81 billion by 2015 and that other DCMS arm’s length bodies have had their budgets cut by up to 33%. We have to accept, therefore, that the Arts Council should have to take at least a proportionate share of the pain. (Paragraph 32)

The Department’s Ministers have negotiated what we believe to be a good settlement for the arts. Given changes in lottery income, the overall budget for Arts Council England will reduce by just 11% over four years.

The Government is wholly committed to arts and culture and ministers are determined to do everything they can to make sure they get through this difficult period without long term damage. We are doing this by prioritising funding going to create and share great art.

But we need to contribute, like others, towards reducing the deficit and DCMS sectors need to play their part in that. In the longer term our sectors, which rely on a mixed funding model, will benefit hugely from a strong economy and stable public finances.

National Portfolio funding programme

3. We welcome the fact that the new National Portfolio is an open application process, and that more flexible and tailor-made funding agreements will be drawn up with arts organisations. However, because the National Portfolio funding programme is open to all arts organisations, it will inevitably attract more applications; and, if funding agreements are to be more flexible and tailor-made, this process will be a heavier administrative burden than previously. (Paragraph 42)

The Department commends Arts Council England's decision to open up the application process to join their National Portfolio. The move goes some way towards making this area of public spending more transparent and accountable.

As part of the process, Arts Council England received 1,333 applications to join the National Portfolio, asking for a total of £1.4 billion over three years. The available GIA budget was £956m million over three years.

- 791 Regularly Funded Organisations (RFOs) chose to apply and 585 were successful.
- 542 new organisations applied, 110 of whom were successful.

Funding agreements with individual organisations will be tailor-made, based on the delivery of shared goals and the fulfilment of clear criteria, rather than the box-ticking targets of the past. These new relationships will be built by discussion between Arts Council England and its new NPO organisations over the coming months. Arts Council England believe it is appropriate to tailor funding agreements given the large investment that it will be making in the 695 National Portfolio organisations, and that by basing the agreements on the organisations' business plans, the level of administration will be as low as possible.

4. We remain concerned at the speed with which the Arts Council is undertaking the massive programme to assess all of the applications to the National Portfolio, many of which come from organisations that were not on the previous list of Regularly Funded Organisations. While we recognise the desirability of giving organisations as much notice as possible, the decisions taken will leave approaching half of those applying disappointed. This is likely to result in some organisations having to close and there will inevitably be complaints that the process has been flawed and insufficiently rigorous. (Paragraph 43)

Both the Department and Arts Council England believe that two months was a reasonable period of time to properly assess the 1,333 applications and make informed and considered decisions. Their timetable for decisions was agreed to by the Secretary of State.

The Department would like to congratulate Arts Council England on the way it managed this process, drawing on its full resources to make the process possible and utilising the wealth of experience and expertise of its staff. Their aim was always to give arts organisations a full year's notice for their funding, giving them enough time to properly prepare and alter business plans where needed.

Arts Council funding decisions

5. We agree with the emphasis the Arts Council has placed on financial management and sustainability in its criteria for funding applications. It is vital that public money is spent wisely, and this means that arts organisations themselves have a responsibility to be as efficient and financially sustainable as they can. We urge the Arts Council to continue in its role of providing advocacy and advice in this area to help arts organisations plan properly and sustainably. (Paragraph 46)

The Department supports this recommendation.

6. The Arts Council should encourage arts organisations to build on their core audiences, but should not put pressure on them to relentlessly pursue people who are not interested in the arts. (Paragraph 50)

The Department is committed to making a full range of artistic experiences available to everyone in the country.

Arts Council England in turn is committed to encouraging more people to experience and be inspired by the arts, and their National Portfolio organisations will have a responsibility to both improve their understanding of their audience and become more audience focused.

Making best use of digital technologies and innovations will be fundamental to how the arts engage with both current and new audiences in the future. The Department therefore welcomes the work that Arts Council England and NESTA are undertaking to encourage and enable the use of digital technologies in the arts and cultural sector to engage audiences in new ways and to develop new business models.

7. Many arts bodies have a small number of staff and limited resources and have to apply for funding from a number of sources. The process of applying for grants and subsidies is something of a necessary evil for the arts sector and it is important that due process is followed. We are concerned that the Arts Council is failing to support organisations sufficiently in this process when it should be one of its highest priorities to do so. (Paragraph 53)

Both the Department and Arts Council England recognise the administrative burden that can be placed on organisations applying for funding. It is however, important that all decisions are made in a transparent and accountable fashion, against a clear set of criteria.

Arts Council England already provides assistance to organisations when they apply for funding. Their Enquiries Service provide customer service support for organisations and individuals seeking advice on funding and assistance with their funding applications. They have enhanced the Grants for the Arts section of their website to make it easier for applicants to determine whether they are eligible for funding as well as simplifying the application form.

They also provide detailed feedback to unsuccessful Grants for the Arts applicants to ensure that the future applications are as strong as possible and stand a greater chance of success next time round.

The art supported by the Arts Council

8. The role of the Arts Council is to distribute public funds to the arts using its knowledge and expertise. Debates about the artistic merit of individual arts projects, whether funded by the Arts Council or not, are often subjective and it is not the role of Parliament to comment on them. It is vital that the arm's length principle, whereby the Arts Council operates independently of Government, is upheld. However, it is equally important that decisions by the Arts Council should not be perceived to be influenced by its own political or artistic prejudices. (Paragraph 58)

The Department supports this recommendation.

We believe strongly in the importance of the arm's length principle, and do not seek to become involved in individual funding decisions. We believe that artists should be allowed freedom of expression regardless of their political views, and that both the Department and funding bodies should protect this right.

9. The social and economic benefits of the arts are not mutually exclusive from artistic merit. Many of the arts organisations from which we have heard provide valuable services while also

producing good art. Organisations that use art as a means to engage with young, excluded or vulnerable groups may not be able to raise their own revenue, and therefore may be dependent on subsidy. We welcome the Arts Council's support of these arts projects, but this should not take priority over the need to promote the widest range of art forms based primarily on quality and future potential. (Paragraph 59)

The Department notes this recommendation. We agree that it is important that Arts Council England continues to promote excellence across a full range of art forms.

The Public Gallery in West Bromwich

10. We were disappointed at the inability of the Arts Council to address key questions regarding The Public gallery in West Bromwich. The Arts Council played a major role in a gross waste of public money during its involvement in the West Bromwich project. Mistakes have been made throughout and we were concerned at the inability of the Chief Executive to provide answers to our questions and the lack of any serious attempt to learn lessons or prevent a repetition. We consider this to be a failure of leadership at the Arts Council. It does not inspire confidence in the Arts Council. We recommend that the Arts Council undertake, and publish, an independent review of their role in the failure of the project. (Paragraph 63)

The Department notes this recommendation. While The Public gallery has suffered problems, we are pleased to note that the venue now houses a number of exhibitions and education projects.

Arts Council England have commissioned a report which will highlight the actions that have been put in place to ensure lessons are learned from The Public and are not repeated.

The report is due to be published in the summer.

The Arts Council Collection

11. The Arts Council Collection is an important and valuable public asset. We welcome the work it has done to make British works of art more accessible to British people, and specifically commend their programme of lending artworks to schools and hospitals, although this is insufficiently well known. (Paragraph 71)

12. We recommend that the Arts Council Collection should review its policy of never selling any of its artworks. At a time when the Arts Council is under serious financial pressures, strategic de-accessioning could make the Collection more dynamic and financially sustainable, as well as help fund the operation costs of increasing its loans. (Paragraph 72)

13. The Arts Council Collection is a very lean operation and we acknowledge that with such limited resources it is not an easy task to get more of the artwork out on loan. However, a public collection should be more visible to the public. The Arts Council Collection is not as well publicised as it should be, and this has resulted in a majority of its works remaining in storage. We believe that the Collection should aim to have at least 50% of its works out on loan at any one time. We also recommend that a review of public art collections is undertaken, with a view to amalgamating the Government and British Council Art Collections with that of the Arts Council, in order to achieve economies of scale, with a consequent renaming of the Collection to reflect its public ownership. (Paragraph 73)

The Department notes these recommendations. A review of major public lending collections was announced in January, and will report later in the year.

Local Authority funding

14. At a time when the Arts Council is forced to make reductions in the grants that it awards arts projects, if local authorities also choose to make cuts to spending on the arts, this could prove to be devastating for some arts organisations. We are encouraged by what we have heard from some local authorities who value the role arts and culture play in their local areas and who understand the social and economic benefits that the arts can provide. However, we are disturbed by the number of local authorities coming forward proposing very substantial cuts, which inevitably will mean the end for a number of local arts institutions and arts events. (Paragraph 83)

Local government is a vital source of funding to arts and cultural organisations alike. Their support for both large venues in their area, and smaller – more community oriented – projects are crucial to the health of the arts across the UK. Many enlightened councils realise not only the economic contribution the arts can make to an area, but also the way they can make places more enjoyable environments in which to live.

While the Department understands concerns around arts cuts at a local authority level, this Government does not believe in dictating to Local Authorities how to spend their money. It is Central Government's role to empower local communities and local authorities to make the decisions that they feel are most appropriate for their area.

We are pleased that Arts Council England are working, where possible, with local authorities to minimise the impact that cuts to cultural budgets have on front-line services.

Arts in a cold climate

15. It is inevitable that the combination of spending cuts from central and local government will have a major impact on the arts sector. The Arts Council is unable to fund the same number of projects as it has previously and this will no doubt result in the loss of some arts organisations, particularly if they have not made alternative funding arrangements. (Paragraph 89)

By increasing the share of the lottery good cause for the arts, and encouraging greater philanthropic giving, we are working hard to make other funding sources available for all artistic organisations.

Arts Council England is providing existing Regularly Funded Organisations with a final year of funding before the new National Portfolio arrangements commence in 2012. This will give unsuccessful organisations a year of funding to allow them to plan effectively for after 2012, and other forms of funding, such as Grants for the Arts, remain open to them.

Regional variations

16. Outside London and the metropolitan areas, arts organisations find it a lot harder to make their own money. It is vital that, even in less densely populated parts of the country, people still have access to cultural activities. It is all the more important in this climate that the Arts Council take these factors into account when selecting its National Portfolio and we urge it to continue to do so in the future. (Paragraph 99)

Individual funding decisions are made at arm's length from the Department. We are however, pleased to note that when assessing applications for the new National Portfolio, Arts Council England worked to create the best mix of organisations in terms of size, type, artform, diversity,

geographical spread and contribution to the goals set out in their ten year strategy Achieving Great Art for Everyone.

We are also pleased to note that, from April 2012, £18 million of Lottery income will be attached to the National Portfolio and earmarked for touring. A particular focus will be ‘cold spots’: areas and communities across the country that have little or no access to high quality arts.

Fixed costs

17. Although the spending cuts will affect a wide range of arts organisations, the larger bodies have more resources to cushion the blow. It is the smaller arts projects which may only have a couple of members of staff that are at most at risk. The speed at which the cuts have been implemented has made it very difficult for these smaller arts projects to look at other options, and it is of great concern that so many of these organisations could be lost. (Paragraph 102)

In developing their programme of National Portfolio Organisations, Arts Council England have allowed the current portfolio of RFOs a full year of funding to allow them to plan properly if their application was unsuccessful or if they will not receive the investment that they applied for. Unsuccessful organisations can continue to apply for Arts Council investment through Grants for the Arts.

What arts organisations can do for themselves

18. We are not convinced of the need for so many subsidised orchestras, whether by the Arts Council or the BBC. We recommend that the Arts Council and the BBC work together to identify areas of duplication and options for joint-working. (Paragraph 109)

Individual funding decisions are made at arm’s length from Government, and we would not seek to intervene in decisions made either by the BBC, or by Arts Council England.

We are however, pleased to note that Arts Council England do regularly speak to the BBC, and are keen to ensure that the public’s funding is put to best use in supporting orchestral provision.

19. More generally, the different responses we received to the question of whether arts organisations could work more closely with each other highlight the diversity of organisations and working practices that exist in this sector. Wherever savings and efficiencies can be made by sharing resources and skills, this should be done. However, we are mindful that there is not one solution that fits all. Many smaller organisations do not have the resources to spend time strategically restructuring or liaising with other bodies. Therefore we recommend that the Arts Council makes it a criterion for large organisations applying for the National Portfolio to instigate programmes to share their knowledge and skills with smaller arts bodies in the manner of successful programmes such as Tate Plus. (Paragraph 110)

The Department notes this recommendation, and agrees it is important that those organisations in receipt of large amounts of public funding provide sector leadership.

We are therefore pleased to note that in the future, our funded organisations will take more responsibility for development work, and some organisations will take on an additional leadership role, mentoring and supporting smaller arts organisations. These additional roles will be decided with arts organisations during discussions about tailored funding agreements.

Arts Council England will continue to provide strategic and thought leadership and advocacy for the arts sector, as well as making arms-length funding decisions.

The UK Film Council

20. The British film industry is good value for money; not just in terms of the revenue it brings into the country, but also in its promotion of the UK as a cultural centre and a tourist destination. However, it is important for bodies that distribute public funds to keep their own administration costs down and we have some sympathy with the Government view that the UK Film Council has spent too much on administration and wages. (Paragraph 125)

21. The abolition of the UK Film Council was handled very badly by the Government. We would not expect a decision with such significant implications for the film industry to be sprung on the UK Film Council with little discussion or consultation. It is extremely regrettable that a filmmaker of the stature of Tim Bevan has, as a result, decided to take no further part in Government-sponsored initiatives. It also appears that little or no thought had been given as to who would take on its functions. The UK Film Council was originally created because the Arts Council was felt to be doing a poor job in supporting British film. We would therefore have been very concerned if the initial suggestions that this task would revert to the Arts Council had proved to be correct. We agree that the British Film Institute is the best placed organisation to take over the role of distributing film funding, although given the reduction in its grant-in-aid this will not be an easy task. However, we are encouraged by the latest statistics on the health of the British film industry, and are confident that it will continue to thrive. (Paragraph 126)

The Department has noted the Committee's comments on the handling of the UKFC abolition and welcomes the Committee's agreement that the British Film Institute is the best placed organisation to take over the role of distributing film funding.

We understand the committee's comment regarding the BFI's reduction in Grant in Aid, however that 15% reduction was better than average for this Spending Review and we believe demonstrates the value the Government attaches to this sector. It is now for the BFI to determine how best to prioritise this funding.

As the Government has outlined previously, the key elements of support for the UK film industry are maintained – the tax relief, which is worth about £100m per year and the share of Lottery proceeds which will increase from the current £27 million a year to £43m by 2014. A film policy review later this year will look at priorities for spending public money going forward.

The Museums, Libraries and Archives Council

22. We commend the work of the Museums Libraries and Archives Council, as our predecessor Committee did in 2007, and do not see any persuasive reason for the Government's decision to abolish it. (Paragraph 137)

The decision to abolish the Museums, Libraries and Archives Council was taken as part of the Government's review of public bodies which aims to increase the accountability, transparency and value for money of public bodies.

Transferring museums and libraries functions to Arts Council England will create a more cohesive and integrated cultural sector, bringing a unified approach to cultural service delivery. It will bring together three areas of cultural policy in a single organisation with a proven

track record, giving Arts Council England greater influence in discussions about the power of culture, particularly at a local level.

Abolishing the MLA and transferring the responsibility for the development of museums and libraries policy to Arts Council England allows us to focus our effort on front-line, essential services and ensure greater value for money. Significant cost savings are expected to be made as functions are delivered in a more efficient way with a reduction in back office and administrative functions, and investment focused on essential support and development for the museums and libraries sector.

23. We are concerned that the Arts Council does not have the expertise or the resources to carry on, adequately, the functions of the Museums, Libraries and Archives Council. We welcome the Arts Council's commitment to retain key MLA staff. However, given the reductions the Arts Council is having to make in its own operating costs, it is unrealistic to expect that the Arts Council can carry out the role as effectively as the MLA. We recommend that the Government review the Arts Council's museum and library functions and consults libraries and museums in 2012. (Paragraph 138)

The Department is confident that Arts Council England have sufficient knowledge, expertise and resources to carry out their additional responsibilities effectively and once functions begin to transfer later this year, both Arts Council England and the Department will monitor the effectiveness of their delivery. It should also be noted that, as part of the changes required to deliver their administration savings, Arts Council England will need to examine how it can most effectively deliver all of its responsibilities, including museum and library functions.

The Public Lending Right

24. We are surprised at the Government's decision to abolish the PLR body and disappointed that DCMS did not discuss the future of the PLR with its Registrar before announcing its abolition. It follows the same disturbing modus operandi as with the other bodies, including the UK Film Council. We have not found anyone who supports this decision. Any proposal that the Arts Council should take over the PLR was unrealistic and rightly abandoned. However, this has left the PLR in a state of protracted uncertainty, which could have been avoided had the department discussed proposals with the PLR sooner. (Paragraph 147)

Throughout the public bodies review and associated Spending Review discussions we have aimed to be as open and frank as possible with our public bodies at each stage of the rapidly moving policy development process.

We are working to resolve as quickly as possible the issues associated with the transfer of the PLR's functions to another body in order to minimise the period of uncertainty regarding the future administration of the PLR.

25. We do not believe that the British Library is an appropriate body to take on the work of administering the PLR. Far more appropriate is the ALCS, which already distributes royalty payments to authors. We understand that there may be a legal technicality preventing this, in which case we recommend that legislative measures are put in place to allow it to happen as soon as possible. (Paragraph 148)

We note the Committee's recommendation regarding the transfer of PLR functions to ALCS. One barrier to the transfer of these functions would be the requirement for the body which takes on the work of administering the PLR to become (if it is not already) an NDPB, as the administration of the PLR involves the distribution of public funds to deliver a statutory function.

The importance of heritage

26. We are pleased to note the Government's recognition of the importance of heritage tourism to the UK economy by protecting Visit Britain's £50 million marketing budget in the Comprehensive Spending Review. (Paragraph 157)

We are delighted the Committee agrees with the Government's approach to funding Visit Britain over the next four years.

Spending cuts and safeguarding heritage

27. We urge the Government to commission research into reducing the rate of VAT on historic building repairs as a means to better protect them and to act as an economic stimulus. (Paragraph 168)

Longstanding agreements with European partners continue to prevent the Government from unilaterally introducing a reduced VAT rate on repairs to historic buildings. The adoption of such a reduced rate would require unanimous member state agreement following a European Council proposition.

While such an outcome remains beyond UK Government powers, we do not consider that research as to the impacts would represent a good use of resources.

We are very pleased to have been able to retain funding for Listed Places of Worship, albeit with a new fixed budget. This scheme is a contribution towards the VAT incurred in repairing listed buildings mainly used for worship. The scheme remains a priority for funding in view of the fact that responsibility for repairs falls invariably to volunteers and congregations, while the benefit is felt by a far wider section of the community. We continue to recognise that many places of worship host services important to a wider group of people than churchgoers, and harness the endeavours of those active in bettering their local communities.

The impact of spending cuts on heritage

28. Unlike other DCMS funded bodies, English Heritage has received grant settlements below inflation since 1997, resulting in a real term reduction of £130 million. It has undertaken economies and efficiency savings over that period to protect and advance its core activities and is collaborating with the HLF to see where overlapping activities might be streamlined. It is nevertheless struggling to undertake all the key aspects of its wide remit. We note that English Heritage has had some success in attracting funding from non-public sources and as a membership organisation and manager of public heritage attractions. We recommend that English Heritage examines ways in which it might extend its commercial activities in similar ways to, and in collaboration with, the National Trust. (Paragraph 173)

English Heritage's commercial activities have grown extensively in recent years and include revenue generation streams which are similar to the National Trust's such as ticket and membership sales, retail, catering, corporate hospitality, licensing, events and holiday cottages. This self-generated income has grown by an average of 7% per annum in the last five years and at present provides over a quarter (£54.4m) of English Heritage's total expenditure. Over the next four years self-generated income is budgeted to increase to £67m. This will be achieved by extending commercial activities still further. English Heritage works closely with the National Trust, jointly managing some sites and they will continue to work together where it is appropriate for them to do so.

29. We are concerned that the heritage sector has already suffered disproportionately and is ill-placed to sustain further reductions in funding. We also note that, unlike much of the arts, once lost the heritage can never be replaced. We urge the Government to take strong account of this in future funding settlements. (Paragraph 174)

The Department notes the recommendation. Although there were reductions in funding to DCMS' sponsored bodies, the heritage sector will greatly benefit from the Government's decision to return the lottery shares to their original levels. This will result in an extra £50m every year and means that overall funding will be reduced by only 2.4% which is a real achievement during these difficult economic times.

The DCMS strategy for philanthropy will help to complement public subsidy with additional private sector investment in the heritage sector, and the Budget measures announced by the Chancellor of the Exchequer provide an opportunity for heritage bodies to cultivate stronger relationships with their supporters.

Regional Development Agencies

30. Abolition of Regional Development Agencies will result in the loss of an important funding stream for heritage, and of a catalyst for important regeneration projects. We understand the concerns of the heritage sector at this potential reduction in capacity. (Paragraph 179)

The Department notes the Committee's comments. Local Enterprise Partnerships (LEPs) have been set up in place of RDAs. These will bring together businesses and local authorities to determine local economic priorities and undertake activities to drive economic growth and the creation of local jobs. LEPs will be able to bid for funding from the Regional Growth Fund.

31. We hope that the new Local Economic Partnerships will take account of the benefit they can bring through active intervention in the historic environment by promoting heritage-led regeneration. (Paragraph 180)

Local enterprise partnerships (LEPs) will play a key role in helping to drive local economic growth and the creation of local jobs. It is for LEPs themselves to determine local economic priorities and plans, free from government intervention, in keeping with the Government's localism agenda. However, Government departments are developing a framework of support for LEPs and DCMS stands ready to provide advice to any LEPs seeking to promote heritage-led regeneration in their localities. The Government shares the Committee's view that such regeneration has potential to promote local economic benefits.

Heritage expertise and local conservation officers

32. We are concerned that the Government does not realise that effective management of the historic environment at local level cannot be adequately undertaken without sufficient numbers of local authority conservation officers. The lack of conservation officers was a matter of particular concern to our predecessors in both 2006 and 2008 and we are concerned that the position may deteriorate further in the light of local government spending cuts. This will inhibit protection of the built heritage and hamper proper consideration of development proposals in the planning system when the economy recovers. We urge the Government to remind councils of the need to retain their specialist heritage professionals, an important statutory function. (Paragraph 188)

Local planning authorities play a vital role in the sustainable management of the historic environment. This has been recognised by successive governments, who have encouraged the appointment of member-level 'Heritage Champions' to provide strategic leadership for the

historic environment in their area. The need for local decision makers to have access to expert advice is also recognised – most recently in The Government’s Statement on the Historic Environment for England 2010, and in national planning policy set out in PPS5: Planning for the Historic Environment. The latter is clear that local planning authorities should think carefully about their advisory needs and how these might be met.

The number of conservation officers and archaeological officers employed by local planning authorities is still higher than it was eight years ago when comparable data was first collected (1,086 in 2010 compared to 1,014 in 2003) although this represents a fall from the high point of 1,224 in 2006. Clearly there is a risk of further declines, which is why we welcome and support the Historic Environment: Local Authority Capacity project being taken forward by English Heritage and the Local Government Association, in partnership with the Association of Local Government Archaeological Officers, the Institute of Historic Building Conservation and the Planning Officers Society. This is exploring how local planning authorities can be supported in developing imaginative new approaches to providing successful historic environment services as they adapt to new pressures, for example by reducing unnecessary bureaucracy and process, pooling resources across public bodies and engaging civic societies more effectively.

33. DCMS’ decision to end its grant to the Commission for Architecture and the Built Environment (CABE) entirely was harsh, especially given the minister’s appreciation of its work and that of the local architecture and design centres CABE has fostered. We welcome CABE’s continuation within the Design Council. The severe cuts, however, have given the local centres, in particular, barely any time to re-organise for the future and the danger is that their valuable contribution will be lost. We urge DCMS, the Department for Communities and Local Government and the Design Council to consider as a priority how they can prevent this happening. (Paragraph 189)

DCMS notes the Committee’s view on DCMS’ decision to end its grant to CABE. While DCMS values CABE’s work in driving up the quality of design in the built environment, it concluded (very reluctantly) that in the serious financial situation and with the need for deficit reduction it was more important to prioritise the wider culture and heritage sectors.

That said, DCMS agrees with the Committee’s resulting recommendation to consider how to prevent the loss of CABE’s valuable contribution of local architecture and design centres following the funding decision. DCMS’s decision to continue to fund CABE in 2011-12 was in order to allow discussions between DCMS, DCLG and CABE on future arrangements for precisely this reason. On 11 February 2011 the merger of CABE’s housing design activities with the Design Council was announced, together with DCLG’s decision to provide funding of £5.5m over the period 2011-13. This will ensure that local communities receive advice and support to help them deliver and shape their areas to meet their needs, for example through design review, and ‘enabling’, in which experts provide support and advice at a local level. It is anticipated that the grant given to the Design Council by DCLG will include some support for local architecture and design centres. Furthermore, on 30 March 2011 Arts Council England announced that it will be providing £656,400 over the period 2012-15 to three architecture centres: the Architecture Foundation, London; the Architecture Centre, Bristol; and Northern Architecture, Newcastle upon Tyne.

Heritage volunteering

34. Volunteers cannot plug the skills gap left by a reduction in the number of heritage professionals. Volunteers play an incredibly valuable role in the heritage sector, but Government must not be tempted to think that the success of the volunteer sector can excuse reducing the number of skilled professionals. (Paragraph 194)

35. It is important that the network of volunteers is not damaged by the spending cuts. The Government is promoting the idea of a “Big Society”, and nowhere more can this be seen in

action, than in heritage volunteering. We recommend that the Government does more to promote heritage volunteering through schemes such as volunteering at work. (Paragraph 195)

DCMS has been assessing the numbers of people already involved in heritage volunteering through its Taking Part survey and recent estimates indicate that there are already around 470,000 people contributing their time and expertise in some way towards the historic environment sector. We are aware that the National Trust, for example, currently has around 61,000 volunteers. The government is supportive of sector initiatives to encourage the numbers of volunteers from groups which have been traditionally under-represented in the sector, including young people.

Volunteering is an area of growth for English Heritage. English Heritage has recently launched a corporate volunteer programme to support business and public sector employers wishing to involve their employees in heritage volunteering opportunities. There are plans to significantly increase the number of volunteering opportunities in order to engage people with their heritage at a number of properties, including Wrest Park and Stonehenge. English Heritage also plays a significant role in promoting heritage volunteering through its national volunteer programme which operates at 28 historic properties in England and through its support for the annual Heritage Open Days event, which is England's biggest and most popular voluntary cultural event, involving more than 40,000 volunteers. EH engages with a number of voluntary bodies and volunteer-involving organisations in the heritage sector through funding or other support.

English Heritage's national volunteer programme offers people the opportunity to access a wide variety of roles within the historic environment including conservation work, curatorial work, education, events, gardening, research, room stewarding and guiding. It actively promotes all of its volunteering opportunities through the volunteer section of the English Heritage website, through properties and in local communities.

The majority of the Heritage Lottery Fund's grants support the voluntary sector across the Fund's wide remit of cultural heritage, and many of these grants encourage volunteering as a conditional element of funding. The Fund is currently concluding a public consultation on the future of its funding support and what weight will be given to the volunteering element of grants in future bids.

Philanthropy and private investment in arts and heritage

36. Arts & Business largely represented good value for money, leveraging £4 in investment for the arts for every £1 it received. We are surprised and disappointed at the Arts Council's decision to withdraw all funding from Arts & Business after 2012 and are concerned that the Arts Council lacks the experience and enthusiasm successfully to take on this role. (Paragraph 222)

Arts Council England's decisions on levels of funding for Arts & Business, as for other bodies, were taken independently of Government. DCMS believes it is right and proper for Arts Council England to strengthen its capacity to engage with issues around philanthropy and other forms of financial support for the arts. This should enable it to ensure public subsidy and National Lottery support for the arts dovetail most effectively with other sources of revenue for artists and frontline delivery bodies. We have detected no lack of enthusiasm for this role, and welcome the announcement by Arts Council England of £50 million of support for a match-funding programme to boost philanthropy in the arts and secure greater leverage of private sector support.

37. It is not, and should not be, the role of philanthropists to plug the gap left by receding public subsidy of the arts and heritage. We have heard a consensual response from arts organisations and philanthropists that new private investment should be encouraged but should be additional to,

not a substitute for, public funding. It is also unlikely that British philanthropy will ever resemble that in America, for reasons of size and culture. (Paragraph 228)

The Department fully agrees that private investment should complement, not substitute for, public subsidy of the arts. While we believe there are lessons which can be learned from the American approach to philanthropy, we are not seeking to import the American funding model to the UK. This was made clear by the Secretary of State in his speech setting out his philanthropy strategy in December 2010: “[Principles underpinning our approach ...] Firstly that philanthropy is not about replacing state funding with private support. Instead it is about a highly ambitious aim for this country to combine the best of US-style philanthropic support with the best of European-style public support. Nor is it about importing a US model wholesale into the UK. Over-dependence on endowments has been as dangerous to cultural organisations there as over-dependence on state support is here.” http://www.culture.gov.uk/news/ministers_speeches/7633.aspx

38. There are limited private investment opportunities for organisations outside London and the metropolitan areas, and it is difficult for smaller organisations to spend time and resources promoting themselves to potential givers. However, there is a still lot of work that can be done to increase levels of private giving to the arts and heritage. The arts can learn from the work done by the National Trust in raising a large number of small donations to fund specific projects. (Paragraph 229)

The Department believes there is significant potential to boost philanthropy in the arts and heritage across the entire country. Of course this will not be easy, and there is no one-size-fits-all model for success, though we share the Committee’s admiration for the work of the National Trust. But we also share the views expressed by Lord Stevenson of Coddenham as recorded in paragraph 205 of the Committee’s report. We welcome Arts Council England’s commitment to strengthen fundraising skills in smaller cultural organisations, and to address the particular challenges faced by those outside London. Though we should note that even within London, successful fundraising requires an assiduous and sophisticated approach to donor cultivation.

39. It is a significant omission from the Government’s “philanthropy strategy” that it suggests no reforms to the tax or gift-aid systems to encourage contributions and we urge it to do so. (Paragraph 230)

It is regrettable that the Committee ordered its report to be published on the day before the 2011 Budget, in which the Chancellor of the Exchequer set out the most significant package of measures to boost charitable giving in decades. Those measures will dramatically simplify the administration of Gift Aid, raise the donor benefit levels to enable charities to thank their donors properly, and implement a major change to our inheritance tax system which could secure a step change in planned giving through legacies, whereby the UK becomes the first country in the world in which it becomes the norm to bequeath 10% of your estate to charity. The Chancellor also committed to consult on how to encourage the donations of pre-eminent works of art and historical objects to our nation in return for a tax deduction. Those Budget announcements have been widely welcomed and demonstrate that the Government’s strategy for philanthropy fully reflects the priorities of donors and the culture sector. We are grateful to all those who have helped shape that strategy, and are now involved in its successful delivery.

40. Although most philanthropists do not donate their wealth primarily for publicity or recognition, there is still a need for greater incentives and acknowledgement of their charitable activities. We therefore welcome the launch of the Government and Arts Council’s match-funding initiative. (Paragraph 231)

The Department is grateful for the Committee’s endorsement of our match-funding programme, and that of Arts Council England.

41. We welcome the use of the Prince of Wales Medal to recognise arts givers, but we note that many of the recipients are major gift givers who have already received honours. We recommend that both the Prince of Wales Medal and the honours system be used more widely in acknowledging philanthropists at all levels, and that the Arts Council be pro-active in nominating more arts givers for honours. We also recommend that local authorities instigate a form of local honours system for philanthropists who invest in the arts and heritage of that area. (Paragraph 232)

The Government is continuing to explore ways in which public recognition, including through the honours system, can incentivise giving at all levels across society as a whole.

42. Despite the current hostility of the economic climate for arts and heritage organisations, their long-term funding and independence must remain a priority. It is the mark of a civilised society that its citizens all have access to arts, culture and heritage. A mixture of public and private funding works in these sectors, although more can still be done to raise more private money and to make public funds go further. (Paragraph 233)

The Department agrees fully with the Committee.



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