

This England:

*how Arts Council England
uses its investment to shape
a national cultural ecology*



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A document that restates the principles on which
Arts Council England invests in England's
arts and culture, with underlying principles,
guiding metrics and updated analyses

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Introduction

Preserving and Enhancing a National Cultural Ecology in England

Alan Davey

On Tuesday 25 February, I am attending the first No Boundaries conference, supported by Arts Council England and the British Council, which is being held in Bristol and York. No Boundaries is an occasion for open discussion about the state of the arts. So, it's a fitting time for us to publish this overview of how the Arts Council is using its 10-year strategy to sustain our national cultural ecology; we hope it will make a useful contribution to a lively debate.

We're living in an era of exceptional cultural richness. Over the past decade or so, the brilliance of a generation of artists, supported by sustained public investment, has created the conditions for a thriving cultural sector that rewards creative ambition, enriches the lives of the public, and promotes the democratic values of our nation.

The Arts Council's role in this has been to direct its investment in considered and sustainable ways, to benefit the whole arts and cultural ecology – the living, evolving network of artists, cultural organisations and venues co-operating in many fruitful partnerships – artistic, structural and financial. The metaphor of an ecology, of a living, balanced environment, expresses how nothing happens within this system without its impact being felt widely. So it's vital we develop it with respect and care.

It is essential that the whole country flourishes. We know there are challenges in parts of England where provision is not what it should be. Three years ago, after our last investment process, we looked at a map and set in train a series of investment responses to the gaps we saw. That work continues.

It is inevitable there will be many articulate voices and differing opinions as to how we can sustain arts and culture across England. We welcome the recent debate that has opened up about the geography of our investment and offer this commentary and analysis as a contribution to it.

A conclusion we have drawn is that geography is one aspect of how investment can be viewed, but only one of many. For example, people are as big a challenge as place – we must ensure our workforce, and the work they

create, reflects the hyper-diverse communities of contemporary England. If we took place as the only consideration, and allocated money solely on a per head basis, then the money would be spread so thinly that arts and culture could not thrive. Rather, we need to make the money work hard by using it in a strategic way, taking careful account of how the many parts of our cultural networks interconnect and work with each other.

That's the reason we created our 10-year strategic framework, recently re-published as *Great art and culture for everyone*. This is intended to provide a holistic approach to how we sustain culture and promote unity through shared goals. This strategy was evolved in consultation with the whole arts sector, and it represents their – and our – collective interests. It is about promoting quality, ambition and greater reach.

In shaping it, we sought to address issues that had formerly been divisive, and to harness the creative energy that exists in the cultural sector. So for example, we do not talk of diversity in deficit terms, as a problem that must be resolved by direction and proscription; instead we emphasise the positive benefits that diversity brings – the creative case for diversity – while setting out the progress we have to make. There is a long way to go to ensure all talent can find its way.

Likewise, by viewing the diversity of England's cultural work as aspects of one ecology, we can see how those former causes of historical dispute, of London versus the regions, so called 'elite' art versus community art, rural versus urban, education work versus 'the real work', make up the creative dialogue of a healthy cultural sector and are all aspects we must balance as we make funding decisions.

The arts and museums in England have come a long way in the last thirty years. New national companies exist, and there are new buildings across the country, providing world-class facilities. A brilliant example of this is the remodelled Everyman in Liverpool, an institution that carries an important name in theatre history, is steeped in its community and is committed to working with the talent of tomorrow. It is now one of the best specified theatres in the country, which will create work that draws its strength from being made in Liverpool, but will have an impact on theatre throughout this country, and out into the world.

This is real progress, and we can do more. Our mission is to bring great art and culture to *everyone*, both in terms of diversity and reach. We will do that by using our investment tools wisely.

A sustainable cultural sector requires clusters of investment that will bring about 'critical mass', spark creative synergy, and promote excellence. We

need to focus our investment on talent, creating world class centres where artists can flourish. The Arts Council should never again be the kind of organisation that could respond to an artist of the calibre of Sir Simon Rattle by saying that funding his vision of a world-class orchestra in the West Midlands simply wouldn't be fair to other regions. He pronounced "Shame on the Arts Council" for that lack of vision and ambition and he was right. We should invest in ambition where the opportunity to do so arises.

Whilst we nurture excellence in those clusters in our towns and cities, we also know there are 'coldspots' with a serious lack of provision in some parts of England. There we will build capacity so we can encourage quality applications for our funding streams. We will look to bottom-up investments like our strategic programme Creative people and places to encourage new cultural communities and use our strategic touring initiative to move work to where audiences are.

Local government has a critical role to play here: we've got to work with all our partners to retain local infrastructure for our artists and invest in new talent. The Everyman project was just one aspect of a joined-up relationship with Liverpool's arts organisations and its city council to ensure culture is a part of everyone's life on Merseyside.

What this says to me is that we should not return to the oppositional view of the regions versus London – let alone other aspects such as rural vs urban, or community art versus 'elite' art, with its debilitating effects. We should work together to strengthen the arts everywhere.

Sustainable change takes time but four years into our 10-year strategy, the figures in this analysis show that our investment decisions are having an effect. The figures also show us what we have yet to accomplish if we are to make great art and culture truly available to everyone.

As a boy growing up on Teesside there was a sense that the arts were 'not for the likes of me'. We need to give young people, of whatever class or location, access to the arts.

I remember the bitterness that we as young people felt towards a local authority that could let Mecca Bingo take over a music venue. We had to go all the way to Newcastle to hear music – and inevitably had to leave concerts before the end to catch the last bus home. To see large-scale theatre we had to go to Newcastle or even Manchester. Thank God for the Royal Shakespeare Company who showed me in their Newcastle season that Shakespeare could be rude, funny, terrifying and relevant. But even with that discovery, I can remember the confusion I felt when

told by people who knew best that the study of classics was only of use if I wanted a job 'in the art trade'. I remember being patronised and told not to bother. When I went to university and studied English, I felt I'd got away with something that wasn't my due.

The town where this happened, Stockton-on-Tees, is now a different place – with the world's best international festival of outdoor art, the Riverside Festival, taking place every year, with great facilities available for young musicians. The well-named Arc Centre provides a place to discover culture, and there's an international art gallery a short ride away in Middlesbrough. And yes, there's also a local council that is restoring that bingo hall into a venue. Culture, and young people, are taken seriously.

I'd like to think a child on Teesside now would feel it is possible to change the world through culture. We must ensure access to work in our world is not limited to the few. That's why we take a holistic approach to cultural investment matters, thinking about all the factors: the people; the places; the history; the legacy.

As our strategy progresses, we will continue to balance our National portfolio – funding excellence and producing the diversity of work that speaks to our audiences. We will invest in and release the energy of talent, wherever it is.

We will need to make sure that the role of our investment in London is understood, and the national organisations located in our capital city reach outwards to the whole nation.

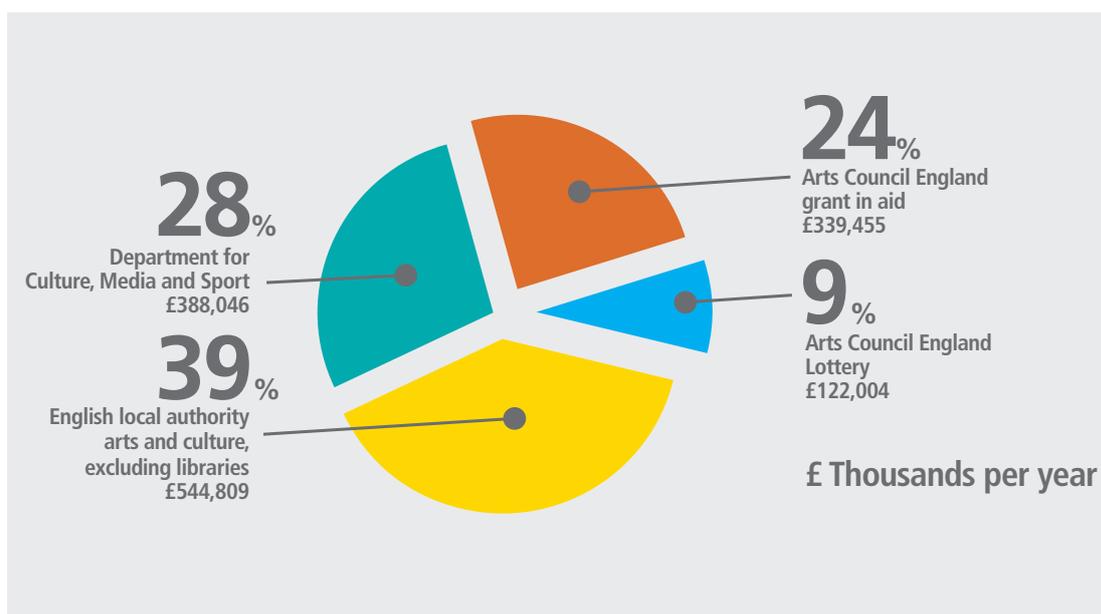
We respect the voice of the arts sector, and we will listen carefully to the continuing debate about arts funding, as we go about our job of nurturing that national cultural ecology. We believe there should be no boundaries for talent, no boundaries for ambition, no boundaries for what culture can do if we use our resources in the right way.

Executive Summary

1. Shaping a national arts and cultural ecology

Arts Council England is the nation's public investor in arts and culture, although we are not the largest funder, as the chart below illustrates.

Average annual spend on arts and culture between 2005/06 and 2012/13



The pie chart shows average per year public expenditure (revenue and capital) over an eight year period between 2005/06 and 2012/13 on arts and culture by the Arts Council, local government and DCMS. The chart shows that Arts Council spend on arts and culture from Grant in Aid and lottery made up approximately one-third of all public expenditure on arts and culture. The chart does not include other expenditure on arts and culture over the time period such as EU, Higher Education or Regional Development Agency spend.

Figures for DCMS spend are based on UK-wide spend rather than England. The figures are based on available data and nearest possible comparisons in definitions of arts and cultural spend across data sets.

With our local expertise and our national perspective, we champion regional development of the arts, museums and libraries to support and strengthen our national cultural ecology, both in the quality of work, and in its reach. In 2010, after widespread consultation with our stakeholders, including the public, politicians and the arts and cultural sector, we published a 10-year strategy that informs all the investments that we make. *Great art and culture for everyone* was recently updated to take account of our new remit for libraries and museums. We are now in year four of that strategy.

We will measure our success over the next six years by our continued progress toward delivering that strategy and our five goals:

- Excellence is thriving and celebrated in the arts, museums and libraries
- Everyone has the opportunity to experience and to be inspired by the arts, museums and libraries
- The arts, museums and libraries are resilient and environmentally sustainable

- The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled
- Every child and young person has the opportunity to experience the richness of the arts

2. Our development and investment approach

Over the past decade, we have learned how our investment can best add value to the nation's arts and cultural sector. To realise our strategic goals, we have three principal investment strands.

Firstly, our National portfolio and Major partner museum programmes; these form a network of quality and reach and are a critical resource for the whole sector. Secondly, our strategic funding programmes; these are used to target particular challenges, opportunities or gaps in the delivery of our goals and to create the environment for further development. Thirdly, our simple open-application Grants for the arts scheme that provides a flexible way to support individual talent and creativity, from wherever it springs.

We also work with the sector to identify opportunities for growth, reflected in our funding of digital activity and innovation, touring work, and a number of national schemes to support the health of the sector, from fundraising to new forms of revenue, including small business loans through the Creative Industry Finance scheme, and participation in Local Enterprise Partnerships.

Our analysis indicates that for the last three years our total Lottery funded strategic investment has been split about 70/30 in favour of the regions outside London. The historic figure, from the Lottery's inception, was 60/40.

Our taxpayer-funded Grant in aid split is 60/40 in favour of regions outside London – a trend assisted by the inclusion of the funds dedicated to Music education hubs and regional museums. We want this trend to continue to develop, and we will target funding where it's needed, even though overall, we do not see the public funding situation improving in the next few years.

3. The importance of excellence

Our strategic focus on excellence has allowed us to develop a coherent approach to our work with artists and companies, creating the conditions in which talent is encouraged and quality art and culture are championed, up and down the country. This is a critical contributing factor in maintaining our significant contribution to the country's economy.

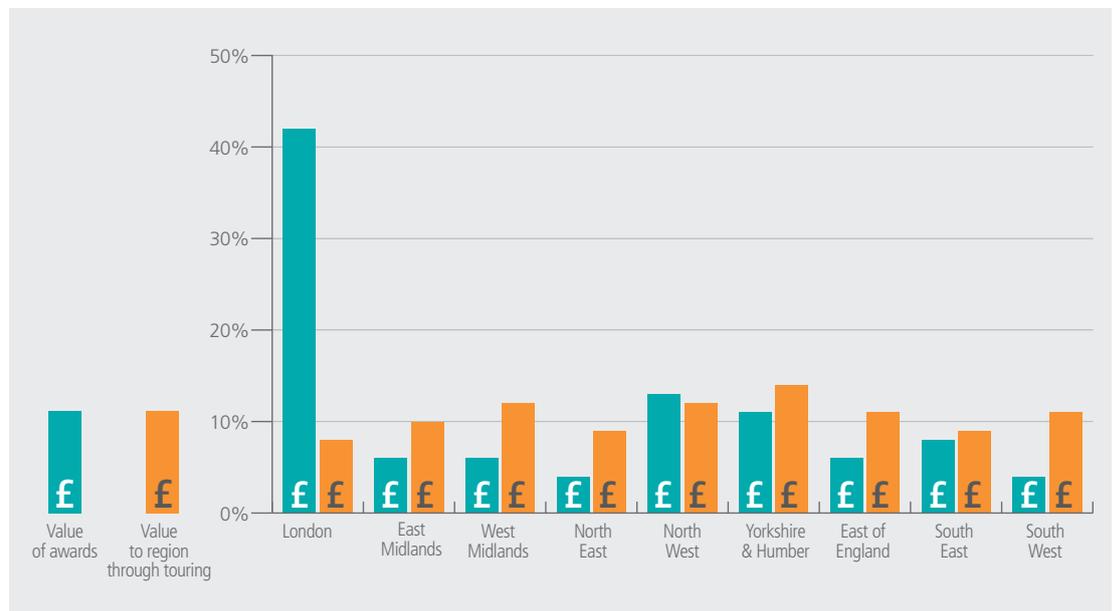
The last three years have underlined the excellence of our arts and cultural sector. London is established as a world-leading centre for artists and arts organisations. The spectacular cultural festival surrounding the Olympics and Paralympics of 2012 highlighted the quality of arts across the nation.

We believe we must continue to aspire to excellence, because that is what will keep audiences and visitors coming to see our work. Without creative ambition, we will lose our audiences.

4. Engaging audiences

The logical extension of our strategic approach has been work targeting those parts of the country where involvement in the arts is significantly below the national average. For example, our Creative people and places initiative, an investment fund totaling £37 million, focuses on long-term collaborations between local communities and arts organisations, museums, libraries and other partners such as local authorities and the private sector to build culture in communities from the ground up.

The value to each region of Strategic touring funds



The Strategic touring fund was designed to ensure more people across England experience the arts, particularly in places which rely on touring for much of their arts provision. This chart illustrates the difference between the postcode of investment from the Strategic touring fund, and the area of benefit. For example, London-based organisations received 42% of all the funding awarded through Strategic touring, but only received 8% of the touring activity i.e. London is a net exporter of touring. Strategic touring is based on two years data over 12 rounds since the start of the programme.

Touring has helped to ensure people can access the best work across the country, particularly in areas of low cultural provision, via our strategic touring programme. If a company is touring, it doesn't matter to the audience where its base is. London has a higher number of touring companies than any other region. While organisations with London postcodes received 42% of the financial value of our strategic touring programme, only 8% of the value was delivered there.

The evolution of this cultural ecology has brought significant new audiences to the arts. Between 2006 and 2013, overall arts engagement in England increased by 10 per cent, with more than 34 million adults engaging in the arts at least once a year in 2012/13. The Taking Part survey of adult participation in arts and culture between 2005/6 and 2012/13 revealed that for England as a whole, there have been statistically significant increases in the proportion of adults engaging with the arts at least once in the previous 12 months, and in the proportion of adults visiting a museum or gallery at least once in the previous 12 months.

Between 2005/6 and 2012/13, the highest rates of increase in arts engagement were among people living in the North West, Yorkshire and Humberside, East Midlands and East of England, historically places of lower engagement. This is a major achievement.

In addition, millions more experience the arts and culture through television broadcasts and new digital platforms such as The Space and NT Live.

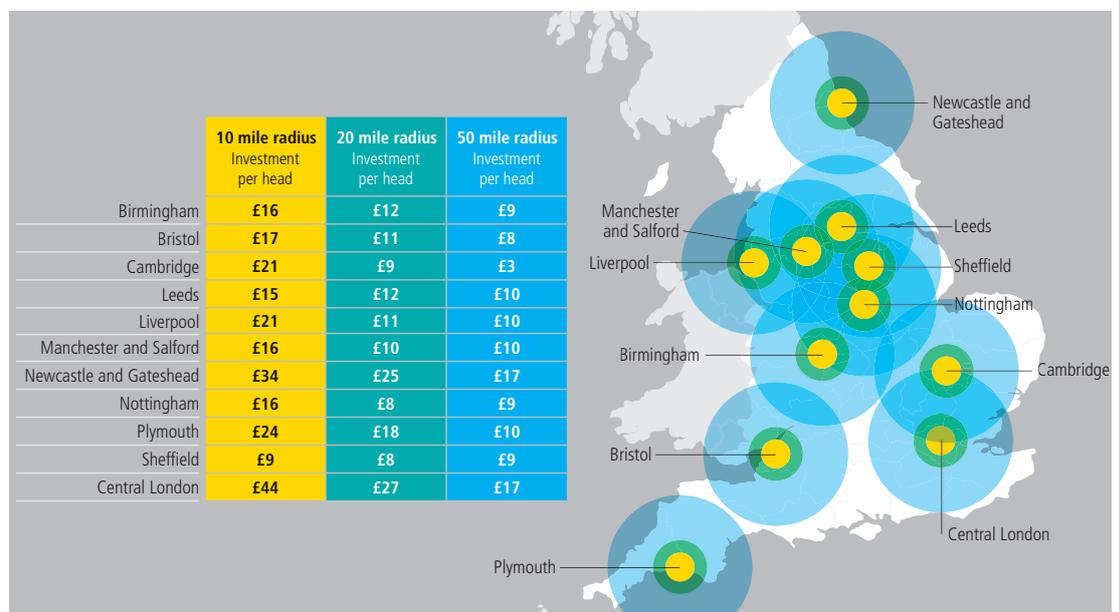
5. Strengthening the cultural offer across the country

The core cities together with their surrounding urban areas are home to 16 million people, almost a third of the population of England. The population of major cities in the Midlands/North of England benefit from investment in neighbouring cities, due to their relative proximity. This data shows how our investment is spread geographically if you compare spend per head by core cities, rather than by government region. It reflects our strategy of clustering in investment in major urban centres.

We are not making any inference about acceptable journey times with this data.

The chart excludes investment to the following organisations as is common in our standard analysis and reports: English National Opera, Royal National Theatre, Royal Opera House, Southbank Centre, Birmingham Royal Ballet, Royal Shakespeare Company, Welsh National Opera, Opera North and Northern Ballet

National portfolio investment in core cities and surrounding areas



We have focused our investment to ensure that the work we fund not only aspires to excellence but also has the widest impact possible. To achieve this, the Arts Council has concentrated much of its capital investment in urban centres across the country, as illustrated by the map below, to create

clusters of excellence that can act as focal points for the development of new talent and new audiences.

However, we are committed to bringing art to everyone and we seek constantly to increase the reach of our work, building networks across urban and rural environments; we also work with DEFRA on their rural development agenda.

Through our investments and partnerships, both within and outside the sector, with agencies, charities, with higher education and particularly with Local authorities, we have made progress; but there is still much more to do.

6. Capital investment

Our capital investment programmes reflect this strategy of building a critical mass of creative centres across the country. For example, the majority of National Lottery funded capital awards for new buildings have been outside London, in places like Newcastle and Gateshead, Birmingham and Nottingham.

7. Working in closer partnership with those organisations we regularly fund

We have learned that it is vital that we work more closely with our national portfolio organisations if we are to make faster progress towards our shared goals for success. We have therefore been changing the 'ask' we make of them. Since the publication of *Achieving Great Art for Everyone* in 2010, they are applying for funding on the basis of their ability to deliver our five goals.

We expect organisations funded in this way to take responsibility for development and agendas beyond their own organisation, not just for the work they do. We are trying to create a culture of leadership and collaboration – within the Arts Council and across the funded organisations – that will help us work together more effectively.

8. Challenges to progress

A tough investment environment

Public arts funding has been in sharp decline since 2010, when the Arts Council received a 4% in-year cut followed by a cut of 32% in real terms

over four years, reducing our core arts budget from £450 million to £335 million a year.

In the last spending round, we received a 5% real terms cut for 2015/16, and this was followed in the Autumn by a further 1% real terms cut, which the Department for Culture, Media and Sport was obliged to pass on.

The overall figures for local authority spending show a reduction of 6.8% over the past two years (2010/11-2012/13). These figures mask a high degree of local variance – a few authorities have implemented severe cuts of 50% or even 100%. Local government received a further 10% reduction to its government grant for 2015/16, making it likely that these trends will continue.

Since 2010 we have had the benefit of increased Lottery income as a consequence of the diversion of funds for the Olympics coming to an end, the share received by the arts increasing from 16% to 20%, and changes in the taxation structure for the Lottery.

Overall, we do not see the public funding situation improving in the next few years.

The constraints of history

We are working to invest in culture in the context of inherited strengths and weaknesses, some of which are outside our influence.

These are historical, political, social and economic reasons, irrespective of how public money has been invested, as to why the cultural offer of places is so different. This is in part why the shape of the quantity and quality of applications we receive for our investment streams varies so widely.

Our investment is partly driven by our strategic aims, but it also responds to demand. We invest through rigorous competitive processes, and we can only fund quality applications that we receive. So part of our job is to build up the critical mass of infrastructure, talent and ideas across the country to encourage wider demand and high-quality applications. Artists should be attracted to work in cultural clusters right across the country, and not feel that they need to automatically gravitate to London (or indeed to other urban centres) to progress.

Delivering enhanced outcomes in the short to medium term will have to be less about radical shifts in our National portfolio of organisations and more about what we ask of those we fund - and through increasing the national impact we can secure from our strategic investments and partnerships.

9. Assessing our impact and progress

It's a tribute to the talent and ingenuity of our artists, and the fundamental health of that national cultural ecology, that the arts have continued to produce the kind of ambitious work that has attracted new audiences locally and brought our nation as a whole international status and economic benefit.

Our development and investment tools, and total investment approach, are intended to have a measurable effect over the lifetime of our 10-year strategy.

We will be judged by the success measures we have set out in *Great art and culture for everyone*; by the data produced by the Taking Part surveys, by audience and organisational data from our partners in the sector and in government, and by the metrics we are developing with the sector to fully capture the quality of cultural experiences. We will publish regular progress reports towards achieving our strategic aims, with one planned for next year when we have reached the midpoint of five years into our 10-year strategy.

We will be judged through an analysis of the areas of benefit across our whole investment and development approach, and we should consider the effects of all our funding and development, from Music hubs through higher education to our Creative employment programme.

We will be judged on the health of that overall national cultural ecology that our strategy has been designed to support.

10. Looking ahead

We are aware of the scale of the challenge ahead. Over the years, we have learned a great deal about what does and does not work in terms of investment, and how best to use our resources to shape the cultural ecology.

As this account demonstrates, our development and investment strategy has a number of distinct strands which have to be *taken together* in making judgements about getting the right balance as we work to fulfil our strategic goals.

Through this investment approach we are working to get more out of our existing cultural assets and infrastructure, making them work harder to spread benefit across the whole country, so that public money can find its way to the best ideas, artists, initiatives, and in turn creating a thriving audience economy.

We don't claim that we have got all of our judgements right. But we believe that we have approached our task with a clear strategy, clear ambitions, rigorous investment principles, and our unique national oversight.

We welcome any opportunity to debate how we can improve the impact of our investments. We think that there are many issues that merit useful discussion.

Our task is more important than ever, as is our strategy. Through it, we express our responsibility to both artists and audiences. Such clarity will be much needed in the years ahead.

Shaping a national arts and cultural ecology

1. A national strategy for the arts and cultural ecology

Arts Council England is the nation's publicly funded investor in arts and culture. We have a national strategy for the arts, museums and libraries that directs our investment and development activity to help nurture the whole cultural ecology.

We bring to our role both local expertise and a national perspective, and operate within the clear guidance of our 10-year strategic framework. This was first published in 2010; it was shaped after widespread consultation with the arts and cultural sector, and has five key goals that inform all the investment we make.

We are now in year four of that strategy, and last year we published a refreshed version, *Great art and culture for everyone*, to take account of our new responsibilities for museums and libraries.

The Arts Council's goals

1. Excellence is thriving and celebrated in the arts, museums and libraries
2. Everyone has the opportunity to experience and to be inspired by the arts, museums and libraries
3. The arts, museums and libraries are resilient and environmentally sustainable
4. The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled
5. Every child and young person has the opportunity to experience the richness of the arts, museums and libraries

These five goals provide a clear direction to all our investment. The goals also support each other; success in one goal contributes to success in others. For example, the value of museums can be reckoned not only by the excellence of their collections, but by how imaginatively these collections are interpreted for different audiences, and how they become relevant to

and inspire these audiences. They are the yardstick by which our success should be measured over the lifetime of the strategic framework.

The close relationship between the goals means that our investment is directed towards the development of talent and excellence and towards fair geographical distribution. Our mission is *Great art and culture for everyone*: excellence and reach must go together.

An ecology is a delicate and interrelated environment in which individual actions can have wide repercussions. If we want to help enrich our national cultural ecology and extend its boundaries, we have to do so carefully, and according to shared 'rules' that we have agreed with all the others with whom we share this ecology.

Our strategy lays down the 'rules' of how we can engage with this ecology; we will measure our success over the next six years by our continued progress to delivering our five goals.

2. Our development and investment approach

We have a vital development role to play in the arts, museums and libraries sectors, providing careful investment and programmes to enable them to be the best they can be.

Over the past decade we have become more strategic about maximising the value of investment in our national arts and cultural sector. This has led us to make some clear decisions about our development and investment approach, and the importance of adhering to a long-term, goal-led strategy.

Success in these goals will produce clear outcomes; excellent work and audience experiences; a vibrant cultural offer reaching more people; a diverse and resilient sector that prizes innovation and talent development; and expanding cultural education that inspires the tastes and talent of children and young people.

To realise these goals we use the full range of our investment to ensure that the various parts of the sector function together.

The quality and reach of the national portfolio arts organisations and major partner museums, and their commitment to talent development, provide a critical resource for the whole sector. Our strategic funds are used to target particular challenges, opportunities or gaps in the delivery of our goals, creating a favourable environment for further demand and development. Our open-application Grants for the arts scheme provides a flexible way to support individual talent and creativity, wherever there is a need.

Our goals include developing the resilience of the sector; so we work with our partners in the arts, museums and libraries to develop considered investment programmes; to identify opportunities for growth; to see how the quality and reach of their work can be enhanced by digital activity and innovation, by touring, and through a number of national schemes we run to support the health of the sector, from fundraising to new forms of finance.

Our national strategy must be delivered locally, and our investment and development work is directed to help create and support a high quality, sustainable, and responsive cultural infrastructure that will bring excellent arts and culture to the whole nation.

Arts Council investment programmes

The arts budget for 2015/16 includes three main funding streams:

- National portfolio for arts organisations programme budget of £271 million of grant-in-aid and approximately £60 million of National Lottery funding
- An increase to the Grants for the arts budget to £70 million Lottery funding to support individual artists, community and cultural organisations
- A Strategic fund budget of £131 million to support the wider development of arts organisations, participants and audiences across England

The museums budget for 2015/16 will also include three main grant- in-aid funding streams:

- Major partners museums will increase to £21.5 million per annum in 2015/16 to encourage a greater geographical spread
- In keeping with arts funding, the museums strategic budget will work alongside major partner museum funding to target particular challenges, opportunities or gaps
- For the first time, a new open access grants fund will invite applications from museums to support diversity and the development of resilience in the sector at a time of enormous change
- Development funds for museums and libraries will total £20.5 million

To understand the scale of the task, and see how we're progressing, we need to set out our strategy according to each goal.

Goal 1: excellence is thriving and celebrated in the arts, museums and libraries

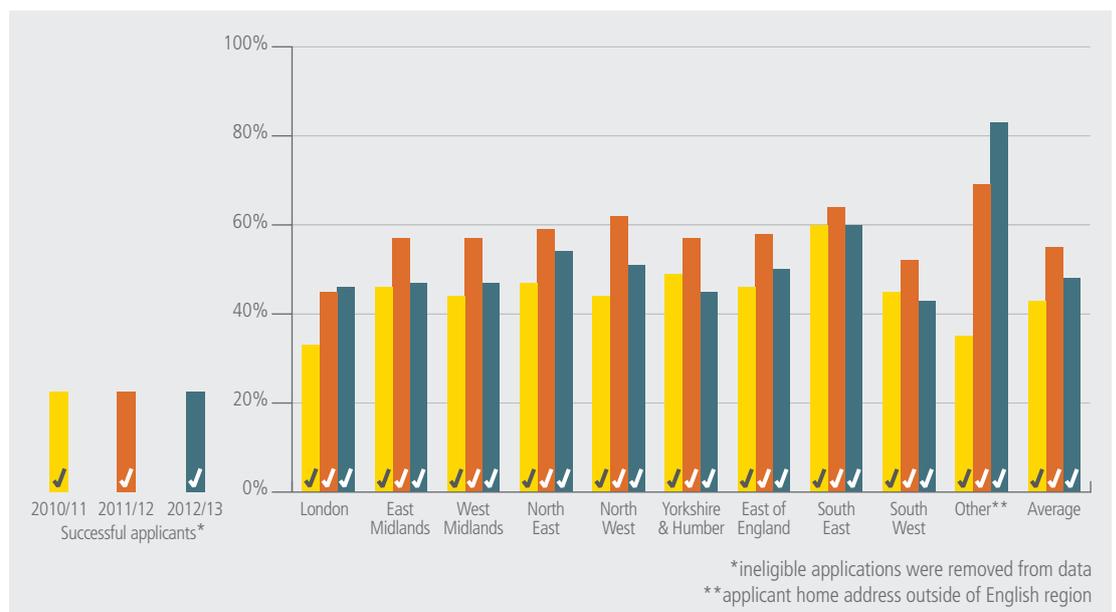
The last three years have underlined the current excellence of our national arts and cultural sector, exemplified by the spectacular cultural festival surrounding the Olympics and Paralympics of 2012.

We acknowledge that excellence can take many forms. We work with the sector, through processes of peer review, to ensure that our ideas of excellence are informed and discerning. This focus on excellence has helped us to develop a coherent approach to our work with artists and companies, and to promote inspired curators and producers who stretch their artistic horizons and create work of relevance to new audiences.

Excellence requires talent. We work with the sector to create the conditions in which talent is encouraged and quality art and culture are championed, from the pioneering work of Manchester International Festival, to the brilliance of the Chichester Festival Theatre.

To achieve this we invest through competitive and rigorous processes of open application, and we fund organisations of all sizes because of what they contribute to our goals, both locally *and* nationally.

The success rates of applications for Grants for the arts



This figure evidences the demand for Grants for the arts funding and the success rates by region. A lower proportion of Grants for the arts applications from London based applicants are successful, due to the high volume of applications/demand from applicants resident in that region. Ineligible applications were removed from the data.

We have used our national overview to ensure that our portfolio of National portfolio organisations is coherent judged in terms of artform, but we have also asked for their commitment to wider talent development. To further assist the development of individual artists, we have tried to

ensure that the Grants for the arts programme is as responsive as possible to talent and organic growth across the country.

One such example is The Garage, a venue in Norwich that received Grants for the arts funding to create an exciting programme of professional theatre and performance for young people. The Garage was the first UK venue to offer 'tweetseats' to all 2013 performances, giving away a limited number of tickets to young theatre-goers on the condition that they review their experience live on Twitter.

The chart above shows that, as the Arts Council can only fund those who apply, there is a correlation between the number of applications and the number of awards made. It also shows how this open application fund has offered an opportunity to talented artists across the whole country. For example, in 2011/12 only 45% of Grants for the arts applications from the London region were successful compared to an average success rate for all regions of 55%.

Strengthening the cultural offer across the country

As set out in our strategy, we have focused our investment to ensure that the work we fund not only aspires to excellence but also has the widest possible impact. To deliver this wide impact we need a resilient and responsive cultural infrastructure. We have gone about developing this by concentrating our capital investment in urban centres across the country, creating clusters of excellence that will act as focal points for the development of new talent and new audiences. It has been crucial that we build capacity through intelligent investment and partnerships, particularly with local authorities.

Up to 2011/12 we received about £3.3 billion of National Lottery income. For the same period we spent about £1.5 billion (52% of total National Lottery income) on capital investments.

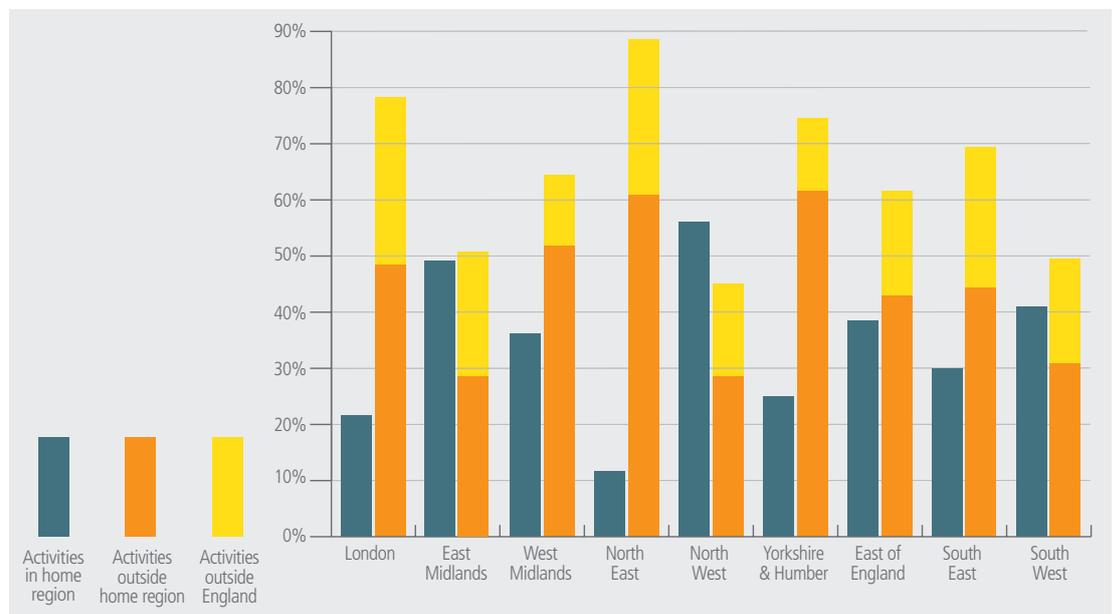
Of that £1.5 billion, about £1 billion (35% of total National Lottery income) was invested in 63 major projects where we invested more than £5 million. Of these 30 were new facilities – that is, they created new infrastructure. The majority of those 30 are situated outside London. The Sage in Gateshead, the Turner Contemporary in Margate, Nottingham Playhouse, Dance East in Ipswich and the Hepworth in Wakefield have been established in the last 15 years and represent a small part of the Art Council's major investments to build up capacity outside the capital, engaging with more people and communities.

Our national portfolio organisations use Arts Council funding to tour. We have been using our strategic funds to create a wider impact across the

whole country. If a company is touring, it doesn't matter to the audience where its base is. These companies fulfil a critical role in bringing work to areas with low arts and culture provision.

This chart below shows how strategically directed and careful investment in that cultural ecology will result in work and talent travelling in different directions across the country; not just outward from London, but across and between all regions.

The benefit to each region of touring by National portfolio organisations

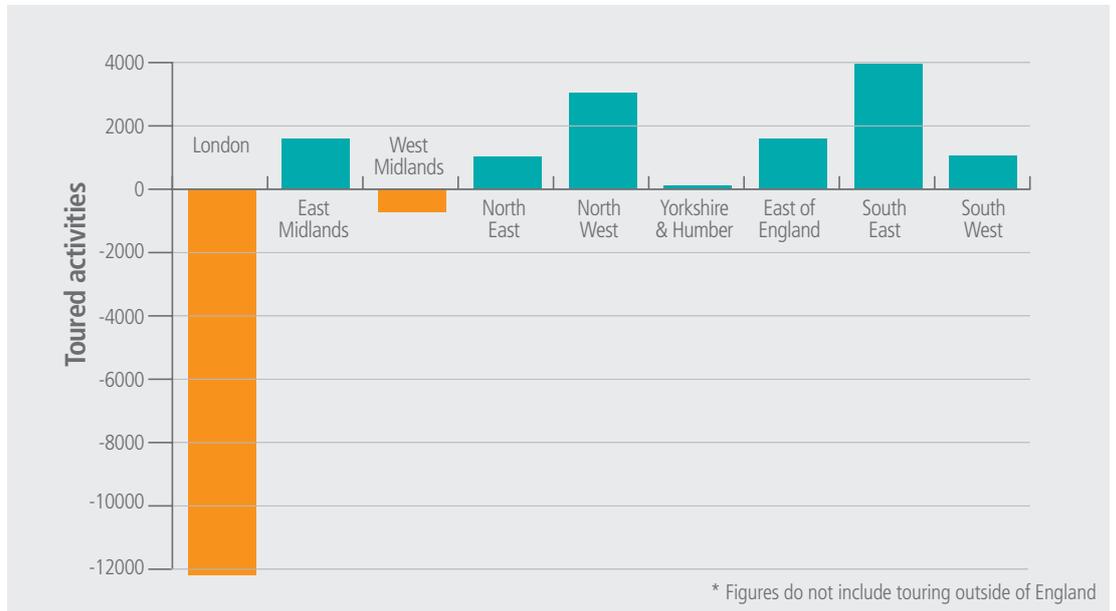


This chart demonstrates the proportion of toured activities taking place within the National portfolio organisation's home region, vs. the proportion of their activity taking place outside. It demonstrates a varied picture across the regions, but that London-based National portfolio organisations retain one of the smallest proportions of toured activity within their regional boundaries.

This approach to capturing the benefits of investment, by area, is something that we want to develop. It shows how it is more important to measure where the impact of an organisation is felt, rather than its administrative postcode. For example, Artichoke is a medium-sized London-based National portfolio organisation funded to the tune of around £500,000 per annum to deliver a wide range of theatre projects across the nation. It is producing 11 major projects across the UK, eight of which have been outside the capital - in Liverpool, Norwich and Milton Keynes. In 2013, Artichoke presented The Lumiere Festival in both Durham and Derry, attracting a total audience of 354,000 across both sites. One of the nation's most important and innovative touring companies, Headlong, has an office in London's West End but co-produces its work with theatres nationally. Its production of Lucy Prebble's award-winning play Enron began in Chichester and ended on Broadway. In dance, the ground-breaking and hugely popular Ballet Boyz may be based in south west London, but over the next month their current production will be touring Shrewsbury, Colchester, High Wycombe, Stoke, Swindon, York and Nottingham.

The chart below shows how national portfolio organisations in London are a net exporter of their own touring activities.

Net gain/loss of toured activities by National portfolio organisations*



This chart illustrates the balance of incoming and outgoing National portfolio organisation's touring activity by region. This is calculated by subtracting the total National portfolio organisation activities originating in each region from the total National portfolio organisations activities taking place in that region. It demonstrates that even with the highest number of incoming activities taken into account; London demonstrates a huge net loss of touring activity overall.

Working in closer partnership with those organisations we regularly fund

Our strategy leads us to invest in the independent vision, leadership and talent of National portfolio organisations and Major partner museums. We don't prescribe or direct the activities of arts and cultural organisations, however we have learned that it is vital that we work more concertedly with our portfolio of funded organisations if we are to make progress towards our shared goals for success. We have been changing the 'ask' we make of them.

Since the publication of *Achieving Great Art for Everyone* in 2010, applicants to the National portfolio must demonstrate their ability to deliver our five goals. As such, the funding agreements we agree with successful applicants represent an alliance with the Arts Council to deliver those outcomes. Through working together in this way, we are influencing the reach and impact of arts activity across the whole country and shifting the historically ingrained patterns of infrastructure that have developed over many years.

We expect these organisations, particularly the larger National portfolio organisations, to take responsibility for development and agendas beyond their own organisation. For example, they may take a regional or national lead on the development of artistic practice, audiences or talent.

We expect those with the broadest shoulders – for example, the Royal Shakespeare Company, or English National Ballet – to be more active in delivering more work across a range of locations and audiences. Crucial to this is an appropriate culture of leadership, commitment and collaboration, and we are trying to develop this both within the Arts Council and across our funded organisations, so that we can work together effectively to deliver our strategic goals.

Goal 2: everyone has the opportunity to experience and to be inspired by the arts, museums and libraries

Engaging audiences – progress and challenges

A vibrant cultural ecology has brought significant new audiences to the arts. Between 2006 and 2013, overall arts engagement in England increased by 10 per cent, with more than 34 million adults engaging in the arts, at least once in 2012/13, and more than 43 million people across the country engaging in the London 2012 Cultural Olympiad. Millions more engage with the arts and museums through television broadcasts and digital platforms. In 2013, National Theatre Live reached 57,771 people in London but ten times that amount outside the capital (571,771).

Some artforms have made great progress: attendance for our orchestras is up by 16% since 2010: in the same period orchestras more than doubled their recordings available for broadcast, streaming and download. This hasn't stopped people coming to live events though – they played to more than 4.5million people in the UK in 2012/13. So they are reaching more people in more places.

Overall, the Taking Part surveys of adult participation in all arts and culture between 2005/6 and 2012/13 revealed that:

- for England as a whole, there have been statistically significant increases in the proportion of adults engaging with the arts at least once in the previous 12 months, and in the proportion of adults visiting a museum or gallery at least once in the previous 12 months
- between 2005/6 and 2012/13, the highest rates of increase in arts engagement were among people living in the North West, Yorkshire and Humberside, East Midlands and East of England
- in the same period, the highest rates of increase in at least one museum and gallery visit could be found among adults living in Yorkshire and Humberside, West Midlands and South East

There is also evidence that we are making some progress in the most deprived neighbourhoods in England (areas where there is least arts engagement). Between 2009/10 and 2011/12, arts engagement increased at a faster rate among people living in the most deprived neighbourhoods, compared to people living in the most affluent neighbourhoods.

We need to build on this progress, and work in partnership to develop the reach and impact of our organisations, both in terms of a live presence and through taking advantage of the opportunities offered by broadcasting and digital.

We have been targeting those parts of the country where involvement in the arts and museums is significantly below the national average. For example, our Creative people and places initiative, a £37 million investment fund, focuses on long-term collaborations between local communities and arts organisations, museums, libraries and other partners such as local authorities and the private sector.

Although funding is only guaranteed for three years, we are encouraging applications to carry a 10-year vision for these communities.

The Peterborough Creative people and places project is a good example of this dynamic. This project is based on developing long-term working relationships with National portfolio organisations from across the region, including one (the arts laboratory, Metal) with a link to the Southbank Centre that is having a valuable influence on the project.

Another example is Hull which in 2013 was awarded a £3 million Creative people and places grant to develop the city's cultural offer. This brought together a consortium of organisations including Artlink, Hull Truck Theatre, Volcom, Hull City Council and Hull and East Yorkshire Community Foundation and led to the development of a strategy that secured Hull the title of UK City of Culture for 2017.

Goal 3: The arts, museums and libraries are resilient and environmentally sustainable

Resilience - working in closer partnership with co-investors

The Arts Council is not the only funder of culture, nor are we the largest. The Department for Culture, Media and Sport (DCMS) also directly funds national museums and galleries like the National Gallery or the Tate. The majority of those national museums are, for reasons of history, based in London and that fact alone has a distorting impact on any geographical analysis of expenditure: over 80% of that near half-billion pound DCMS

budget is allocated to London-based institutions with national remits. Local authorities are the major investor: in 2012/13, those in England spent £1.588 billion on arts and culture. At a time when local authority budgets are under enormous pressure, we are working with individual authorities all over the country to help them sustain their commitment. We have, for example, worked with Liverpool City Council to jointly invest more than £14 million a year in Liverpool's arts sector. At a difficult time for the city, we have helped them to retain the budget, and to lever the investment to develop a significant cultural and arts scene.

The priorities were to grow and sustain local creative talent – particularly work with children and young people, creative apprenticeships and local creative business resilience. The Capital of Culture in 2008 was a catalyst for the city and its residents to celebrate and maintain their cultural heritage. The partnership has supported and further encouraged the growth of sector led networks and leadership in the City such as LARC and COOL.

However, the continuing realisation of our goals at a time of constrained public investment will require an increased collaborative effort between the Arts Council and its partners. We will all have to be prepared to challenge and change the way we work.

The Arts Council cannot make up any shortfall in local authority funding. We place immense value on our relationship with local government, and we want to work with those local authorities that continue to value and invest in arts and culture. In practical terms, this means developing sustainable long-term partnerships with local government where there is a shared agenda for the arts – where the arts are understood as key to a community's well-being and prosperity and where there is alignment with our goals.

Arts Council investment programmes

- Local authorities spent £1.588 billion on the arts and libraries in 2012/13
- Spend on theatres and public entertainment declined by 11.52% between 2010/11 and 2012/13
- Overall arts and museums spend decreased by 6.8% between 2010/11 and 2012/13
- Spend on arts, museums and libraries falls by 7.48% between 2010/11 and 2012/13
- Local authority spending on arts and culture is predicted to fall over the next five years

We will continue to work with partners from the public and private sectors to ensure that talent across England is given the opportunity and resources to thrive. We have, for example, an increasingly close network of working relationships with the higher education sector, extending from infrastructure to personnel.

Last year, the higher education sector had an income of nearly £28 billion; many of our National portfolio organisations are based in universities. For example, Leicester University hosts the Embrace Arts Centre, with its focus on disability arts, while Nottingham University has the Lakeside Arts Centre, which is a significant recipient of Grants for the arts funding, and a superb record of working with children. Our partnership with Derby University has transformed Derby Theatre into a teaching theatre.

Our relationship with the higher education sector can help bring together other partnerships that may have a beneficial long-term influence on the wider cultural environment. For example, we are involved with Cambridge University through our Major partner museums scheme, and along with them we are also investing in partnership work with the city and county councils, developing a collaborative approach to cultural provision to see how the arts can work with Cambridge's internationally-renowned scientific research sector.

We have established partnerships to encourage tourism such as our £3 million Cultural Destinations Programme with VisitEngland. This will boost cultural tourism in 10 places across England.

We will also continue to promote significant partnerships with the media sector, especially broadcasters who we believe are essential to increasing engagement in the arts and developing of new talent. Via the licence fee, the BBC invests five times more in culture than the Arts Council. We have embarked on a new partnership with them to ensure the future of our successful digital platform, The Space; and we have been working with Google, sharing knowledge and digital skills. Many arts organisations are already occupying the digital space successfully and we would like to encourage more.

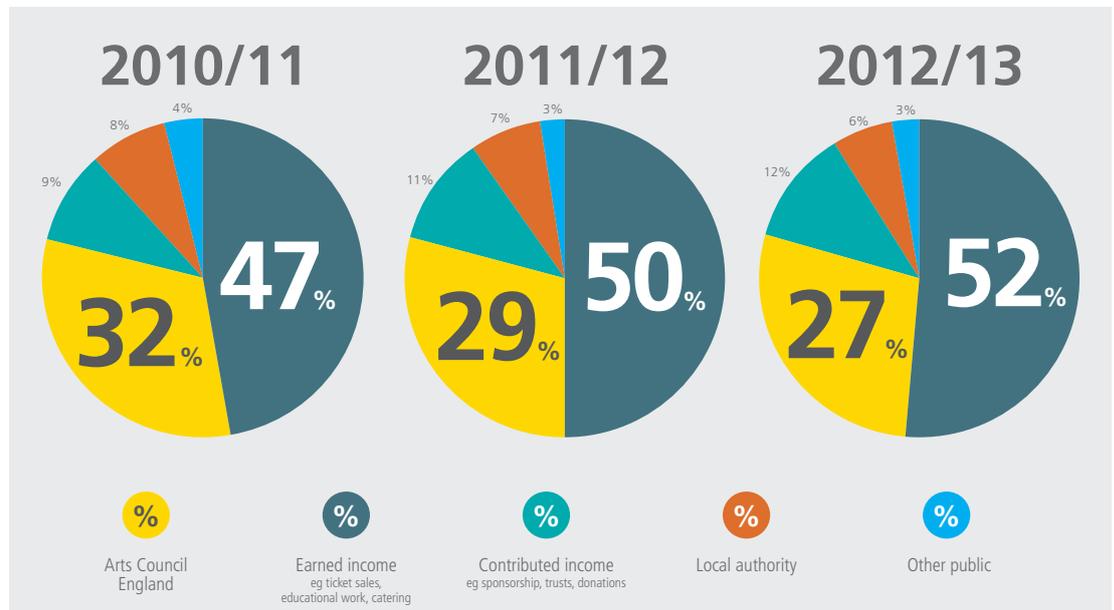
Working strategically to create a stronger, more resilient sector

Our strategic framework acknowledges that a resilient cultural sector must be adaptable to its changing environment. It will prize diversity: it will have a diversity of artforms, of audiences, of arts professionals and of income streams.

The sector operates through a 'mixed economy' of public and private finance, earned revenue and charitable donations. This model encourages

ambition and risk, but prevents wholesale reliance on one source of funding. It is a fine balance, that helps account for both the ingenuity and resilience of our national arts and culture.

Sources of income for National portfolio organisations



Arts organisations operate through a 'mixed economy' of public and private finance, earned revenue and charitable donations. At a portfolio level the chart shows a reduced dependence on Arts Council income, but there is geographical variance. When looking at the constant sample across the three-year period, we see that the overall income pot has increased by 9.3%. It's worth noting that earned income and contributed income have both increased.

Arts organisations are making great efforts to increase earned income and private donations, which have risen 1% each in the last year amongst National portfolio organisations. At this rate, donations would never replace lost Arts Council and local authority income, but we know that they are an important source of revenue. With the exception of our large national organisations, the climate for fundraising has been difficult in the last few years; in this light the advances of the sector appear all the more significant but the challenges for smaller organisations outside of London that much bigger.

To ensure resilience, we have invested in the sector's fundraising capacity. Our primary means for doing this has been the Catalyst programme. This includes the Catalyst Endowment Fund (which matches private money raised – we are helping organisations towards a target of £106 million in donations), and the Capacity Building and Match Funding scheme (The Turner Contemporary Gallery in Margate has secured a single donation of £530,000 from Goldman Sachs, and Circus Space has secured a pledge of \$1 million from the philanthropist Aileen Getty).

But the arts have some way to go in attracting charitable support from the general public. We are a charitable nation and in 2006 we were giving

nearly three-quarters of 1% of GDP to charity, but just 1% of that goes to organisations that promote the arts. However, the 2012 Coutts Survey shows that among those who gave a million pounds or more to charitable causes, the arts were third in the list of causes, behind foundations and higher education, receiving gifts totalling £109 million or nearly 9% of the total.

This tells us that while we can attract the upper end of donors, we have been less successful with the smaller donors. There are many reasons for this; some presentational, some structural, some to do with a fundamental perception of the arts. We need to think about how our organisations present themselves to their public, how they engage with them and what they can learn from other members of the 'third sector' about communicating their charitable status and the attendant benefits to donors.

As a significant step towards this, we are running governance training sessions and have invested £2 million in a new fellowship in fundraising based at Leeds University and run by the Arts Fundraising and Philanthropy Consortium, bringing together numerous partners across the arts, educational and charitable sectors.

Goal 4: the leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled

The concept of diversity is a key consideration across all our strategic goals. The work of our funded organisations must reflect our society, and their workforces must reflect our society too. We believe that the diversity of our communities is one of our great resources and we expect the work that we fund will reflect this. Diversity is vital in creating a living, evolving arts ecology – and it is with that in mind that we have incorporated a commitment to the Creative case for diversity into our funding agreements.

We have much to do to achieve true diversity throughout the work we support; but in some areas we can point to the vital relationship that we have with influential companies such as Graeae Theatre, and the effect a concerted strategic effort can have. For the Cultural Olympiad, the Arts Council's £36 million investment led to the creation of 5,370 new artistic works or commissions, involving 40,464 artists - including 6,160 emerging and 806 deaf or disabled artists.

It is important that we continue to challenge misconceptions about the exclusivity of culture, and any notion that it is of relevance to some, but not to others. For example, take our collaboration with the Baring Foundation that will bring quality arts to older people in residential homes. Or the Books on Prescription scheme, into which we invested £19,000 with the

Reading Agency and the Society of Chief Librarians. This made books available for people affected by mental health impairments. The scheme was so popular that it is being rolled out nationally.

The balance of our national cultural ecology needs the new ideas of future generations from all backgrounds. We need to work with all our partners in national government to ensure that there are no imposed barriers to the progress of genuine talent.

This begins with making sure that all children and young people have access to quality arts and culture both in and out of school, and that higher education and other pathways offer routes into the creative professions. We understand the importance of the core subjects of science, technology, engineering and maths – STEM subjects – but we believe that these must also include the wide creative energy of the arts, so that STEM can become STEAM.

We have also created specific programmes that assist career paths for young people from all backgrounds. For the Creative Employment Programme, we have formed a £15 million fund to support traineeships, formal apprenticeships and paid internship opportunities in England for young people aged 16-24, who wish to pursue a career in the arts and culture sector. Through Creative and Cultural Skills, this programme has generated nearly 1,300 new jobs, split equally between apprenticeships and internships.

Goal 5: every child and young person has the opportunity to experience the richness of the arts, museums and libraries

Children and young people represent both the creative talent of tomorrow, and our future audiences. The Arts Council has put a commitment to children and young people at the heart of its 10-year strategy. We want to ensure access to the arts and a high quality cultural education for children and young people across the country, both in and out of school.

We use our Artsmark standard and our Arts Award programme to encourage a high quality cultural offer in schools across the country. We're working in partnership with sector and industry bodies to ensure that eventual programmes of study for arts subjects at Key Stage 4 will be on the same level as EBacc subjects.

The acknowledgement that local knowledge is precious is central to our funding for a network of 10 'Bridge' organisations that help deliver cultural education. These organisations bring together our funded organisations, local authorities, schools, and agencies and charities engaged with arts provision. Only local agencies can really form and maintain the necessary relationships with the range of partners involved in local arts provision.

Bridge organisations include arts producers such as the Royal Opera House and the Norfolk and Norwich Festival. They also include specialist agencies. The Mighty Creatives, our partners in the East Midlands, are a charity dedicated to developing creativity in young people. They are supporting a local film company to develop six media hubs working with youth groups for marginalised young people and those with disabilities. This work will, we hope lead to more advanced career training and skills.

In Thurrock, the Royal Opera House is extending its reach and impact by working in partnership with arts producers, local government, schools, further education and an Academy chain to build a network of local cultural provision so that young people do not have to travel to London to participate in the arts.

We work with the Department for Education to deliver key aspects of the National Plan for Music Education, and the Cultural Education Plan. With funds from the Department of Education, we're investing about £171 million over the three-year period up until 2015 in a network of 123 Music education hubs across the country.

Also in partnership with the Department of Education, we have developed the Museums and Schools Programme, through which 10 regional museums and schools partnerships have been awarded £3.6 million to provide school visits to museums, and all the learning experience that goes with these, particularly in areas of low engagement.

With the Heritage Lottery Fund, the British Film Institute and English Heritage, the Arts Council has formed the Cultural Education Partnership Group, through which we've identified three areas where we're testing a shared approach; in Bristol, in Barking and Dagenham and in Great Yarmouth.

National portfolio organisations are committed to engaging with children and young people. The Royal Liverpool Philharmonic Orchestra offers residencies in schools and concerts for young people; the Halle in Manchester runs an 'adopt a player' scheme in schools. In Birmingham, the City of Birmingham Symphony orchestra has been involved in a programme to give every Year 7 pupil in the city – 13,000 of them – the chance to go to a concert, with a relevant educational theme.

To succeed, it will be essential to ensure that our funded organisations are prepared to follow these examples, engage in innovative ways with new partners, and to co-author fresh and stimulating projects.

We acknowledge the extent of the challenge in providing access to the arts for all children and young people nationally – and we remain concerned about the provision of non-core arts subjects in the curriculum.

3. A challenging context – and the implications for our development and investment approach

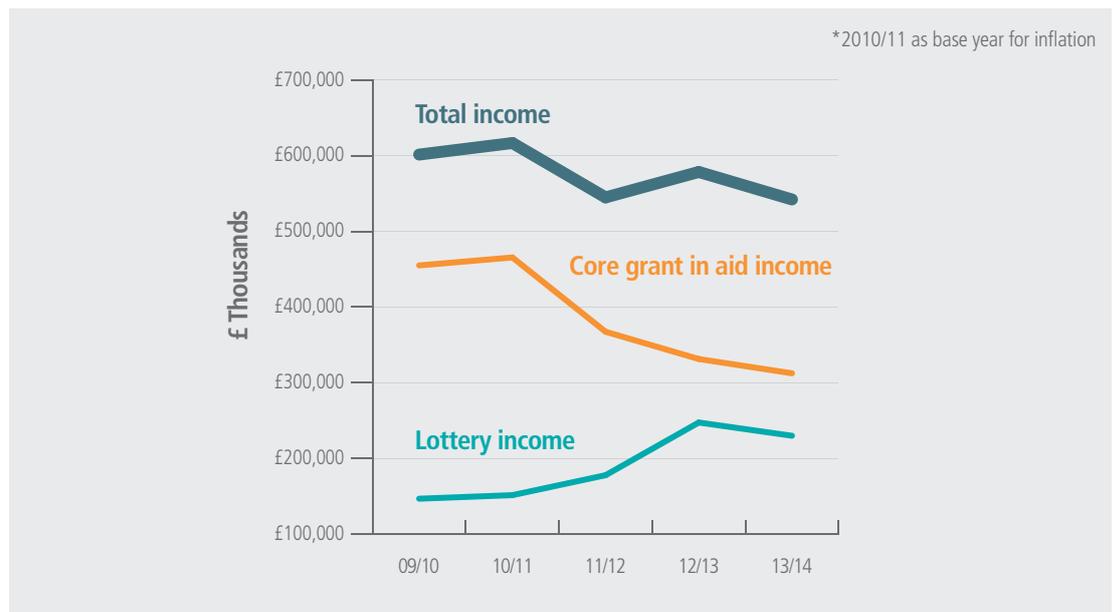
A tough investment environment

It's a tough environment for arts and culture funding.

Public arts funding has been in decline since 2010, when the Arts Council received a 4% in-year cut followed by a cut of 32% in real terms over four years, reducing our core arts budget from £450 million to £335 million a year.

In the last spending round, we received a 5% real term cut for 2015/16, and this was followed in the Autumn by a further real term 1% cut, which the Department for Culture, Media and Sport was obliged to pass on.

Arts Council England's total income – real values *



Public funding for arts and culture has been in sharp decline since 2010. Since 2010 we have had the benefit of increased National Lottery income.

The overall figures for local authority spending, which show a reduction of 6.8% over the past two years (2010/11 – 2012/13). These figures mask a high degree of local variance – a few authorities have implemented severe cuts, including those committed to investment in culture in the recent past. In Newcastle there has been a 50% cut, while authorities including Westminster and Somerset have seen 100% reductions. Others have warned of significant cuts to come as the final year of the spending round approaches. Birmingham have indicated reductions of 20% on grants to key arts organisations in 2014/15. Local government received a further 10% reduction to its government grant for 2015/16, making it likely that these trends will continue.

Since 2010 we have had the benefit of increased Lottery income as a consequence of the diversion of funds for the Olympics coming to an end, the share received by the arts increasing from 16% to 20%, and changes in the taxation structure for the lottery.

Overall, we do not see the public funding situation improving in the next few years.

Our 10-year strategy anticipates economic challenges; but by setting ourselves the goals of excellence and reach, we are asserting that the only way forward is to continue to fund work of genuine ambition that will prove its relevance to the public.

As can be seen from this narrative, necessity is accelerating the evolution of our collaborative partnerships; we are working with an unprecedented range of agencies and organisations to make the most of resources nationally. Partnership takes us into new areas of the country, and into new areas of work and social impact, that may in practice help people to understand just how integral the arts are to their lives.

However, economic strictures ultimately impose limits on even the most ingenious minds; art and museums need a roof over their head, and our aspirations to maintain the balance of the cultural ecology, to enrich its partnerships and to increase its local reach – and the aspiration of others to see this happen quickly – have to be weighed in the context of national austerity.

Connecting with people

We believe that everybody should be able to experience a high quality museum, library or live performance or participate in a cultural activity, but it remains the case that engagement is heavily influenced by levels of education, by socio-economic background, and by where people live.

Arts and cultural experiences are not something that you can do to people; the process is all about making contact and building relationships. And that's why, as an organisation, we need to have a local presence and work locally.

Sometimes communities have lacked the opportunity to engage, or have not been offered work that is relevant to them. We are learning how important it is to respond to the differing needs of communities, so that people are not disadvantaged by where they live. Our partnership with government, for example, includes working with DEFRA on a rural agenda.

All this highlights the importance of local knowledge, and the efforts we are making to connect locally through partnerships built around local authorities, Bridge organisations, Music hubs and higher education. It also emphasises the significance of the funding streams like Creative people and places and Grants for the arts that are demand led, and respond to local needs. Through acquiring local knowledge, and a depth of local partnerships, we can help stimulate demand for these streams and encourage high quality applications.

A national arts and cultural ecology that needs to evolve and change

We are clear about what we are trying to help create in terms of a national arts and cultural sector – how we must work in partnership to bring this about, making considered adjustments in our investment so that we can build on what we have so far achieved. To return to that metaphor of the ecology, we must invest carefully, ensuring that this investment has a beneficial effect across the whole ecology, in ways that will be experienced by the public.

But we have to accept that we work within a national cultural ecology that has evolved over many years. This means operating within the constraints and balances of inherited strengths and weaknesses, some of which are outside the influence of all those who invest in the arts.

For example, the relative triumph of cities as places to live, work, and consume; the corresponding preponderance of urban over rural provision in public service and amenities; how, once a critical mass of resources and talent develops in a particular place, this tends to create a virtuous circle of further success and development.

The cultural ecology hasn't been immune to these forces. These are the reasons, irrespective of how public money has been invested, as to why the cultural offer of places, towns and cities is so different.

Arts and cultural organisations are independent and their location is often the result of legacy. It has not been the aim of the Arts Council to favour any city, though we can work in active partnership with urban centres across the country

These historic factors shape the quantity and quality of applications we receive for our development and funding streams.

There are inherited advantages of incumbent funded organisations when it comes to securing ongoing funding success (most are already excellent organisations); while we must also consider the questionable merits of

withdrawing funding from elements of our cultural infrastructure that are making valuable contributions to the goals of our strategy.

This is why our funding to National portfolio organisations has profound limitations as a redistribution and rebalancing mechanism. We must always be conscious of the spread of our investment, but wary of damaging fundamentally a model that has a genuine strategic focus and has proved itself so successful in delivering quality arts and culture. Again, to use the ecology metaphor, the high-achieving parts of the existing cultural environment, including urban centres everywhere, depend upon the careful balance of that National portfolio.

Our challenge is to increase applications from areas of low provision. That is why we must continue to build up the critical mass of infrastructure, talent and ideas across the country, though encouraging quality applications to our Strategic funds and Grants for the arts programmes. Artists should be attracted to work in cultural clusters across the country, and feel they can progress in any part of England.

Delivering enhanced outcomes in the short to medium term will have to be less about radical shifts in the National portfolio and more about what we ask of those we fund - and through increasing the national impact we can secure from our other investments and partnerships.

It will take time to create this, but we can succeed with an appropriate degree of support from all partners. There are many potential hazards. As the decline in local authority funding indicates, we will face pressure to make unplanned interventions to protect and maintain elements of essential arts infrastructure across the country, and this would divert us from our strategic ambitions.

4. Conclusions – assessing our impact and progress

It's a tribute to the talent and ingenuity of our artists, and the fundamental strengths of the whole cultural ecology that the arts have continued to produce the kind of ambitious work that has attracted new audiences locally and brought our nation as a whole international status and economic benefit.

How to assess us?

Our development and investment tools, and total investment approach, are intended to have a measurable effect over the lifetime of our 10-year strategy.

We will be judged by the success measures we have set out in *Great art and culture for everyone*; by the data produced by the Taking Part surveys, by audience and organisational data from our partners in the sector and in government, and by the metrics we are developing with the sector to fully capture the quality of cultural experiences.

We will be judged through an analysis of the areas of benefit across our whole investment and development approach, and we should consider the effects of all our funding and development, from Music hubs through higher education to our Creative employment programme.

We should be judged on the strength and health of that overall national cultural ecology that our strategy has been designed to support.

Looking ahead

We are aware of the scale of the challenge ahead. Over the years we have learned a great deal about what does and does not work in terms of investment, and how best to use our resources to shape the cultural ecology.

As this account demonstrates, our development and investment strategy has a number of distinct strands which have to be *taken together* in making judgments about the extent to which we are getting the balance right – between rural and urban; incumbents and new entrants; large and small; artists and organisations – as we work to fulfil our strategic goals.

It has to be done carefully, with respect for the effect upon the whole ecology. We are confident that through this investment approach we are beginning to get the best out of our existing cultural assets, making them work harder to spread benefit across the whole country, with public money finding its way to the best ideas, artists, initiatives - and in turn finding receptive audiences.

We don't claim that we have got all of our judgements right. But we believe that we have approached our task with a clear strategy, clear ambitions, rigorous investment principles, and our unique national oversight. Our efforts to direct investment nationally have too often been obscured by conversations about our National portfolio of organisations, ignoring shifts in the proportionality of our total funding across the regions.

We welcome any opportunity to debate how we can improve the impact of our investments. We think that there are many issues that merit useful discussion. For example; how best to build a critical mass of centres of excellence nationally, through strengthening existing cultural assets in

major towns and cities, and ensuring that the benefits of our investment are felt across the whole country; how to make our funding strategies and interventions more responsive to local need and demand, to individual talent, and to organic growth in our town and cities; and how to make better progress on our shared priorities with the sector, ranging from cultural education to building greater resilience and environmental sustainability.

Our task is more important than ever, as is our strategy. Through it, we express our responsibility to both artists and audiences; we will work with our partners to ensure the ambition and reach of our national cultural ecology, even at a time of decreasing public funding. This clarity will be much needed in the years ahead.

We evolved our strategic framework to steer us through financial challenges and to ensure that we always keep our eye on the need to create the conditions for excellent art and culture to flourish and benefit the public, wherever they live.

Making the case

This narrative illustrates just some of the many ways, from economic progress through to public health, that our investment makes a substantial difference to the national quality of life.

It follows from this that we should argue our collective case for the arts in a holistic way. We need to be able to show how important arts and culture are to our social well-being and cohesion, our physical and mental health, our education system, our national status and our economy. We need to be able to show this on different scales - on individual, communal and national levels. Hence, we've conducted an evidence review of these benefits, and will be commissioning research and designing new metrics to fill the gaps in our knowledge.

But we should never forget the essential intangible quality of culture. Try to imagine society without the humanising influence of the arts, and you will have to strip out most of what is pleasurable in life, as well as much that is educationally necessary and practically essential. Life without the collective society of our libraries, museums theatres, galleries, and without the personal expression of literature, music and art, would be lonely, static and sterile.

That's why we are promoting what we call the 'Holistic Case for Arts and Culture' – it's something we'll be talking a lot more about in the coming months.

We believe that the arts sector needs to be at the table with any government that shares our awareness of the importance of our national creativity – that understands it for what it truly is: a precious national resource, as valuable as the other resources and infrastructure that the nation invests in.

If the arts sector remains united and continues to make a strong collective argument for the benefits of its work, we will not only ensure the survival of our precious cultural ecology: we will see it grow, along with its importance to audiences, to communities, and to the nation.

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