

FABIAN POLICY REPORT



CULTURED COMMUNITIES

The crisis in local funding for arts and culture

By Ben Cooper

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ABOUT THIS REPORT

This report presents new research on the cuts to local government funding of arts and culture between 2009-10 and 2018-19. We have also analysed Arts Council England spending. The report also reviews the importance of arts and culture for local areas to boost recovery after coronavirus. Throughout the report, there are insights from Hull UK City of Culture 2017 and Waltham Forest London Borough of Culture 2019. The report makes recommendations on how national government and local government can place arts and culture at the heart of a post-Covid-19 recovery and ensure that every pound spent on arts and culture is used effectively.

The Fabian Society used a number of research methods and data sets throughout this project. To analyse local government funding of arts and culture, we have utilised the local authority revenue expenditure and financing in England (final outturn) data set. To analyse investment by Arts Council England, we accessed the national portfolio organisations database and data from the lottery grants database.

The Fabian Society carried out additional research in Hull and Waltham Forest. We selected these two locations to gain an understanding of the impact on a community of being a UK City of Culture and London Borough of Culture, and of arts and culture more broadly. We held a policy roundtable in each location bringing together councillors, policymakers, community artists, and representatives from the creative industries. We also conducted a focus group in each location with a representative sample of the local population.

Our research in Hull and Waltham Forest was conducted before the Covid-19 pandemic, but the report reflects the impact it has had on the arts and culture sector as well as on local government.

For the purpose of this report, we adopt the broadest possible definition of arts and culture including but not limited to carnival arts, circus arts, combined arts, craft and design, dance, digital arts, festivals, film, literature, media, music, photography, theatre and visual arts. Arts and culture mean different things to different people and there is a lack of a common definition provided by the Department of Digital, Culture, Media and Sport or Arts Council England.

The remit for this report is England only. Local government, arts, and culture policy are devolved matters.

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Executive summary

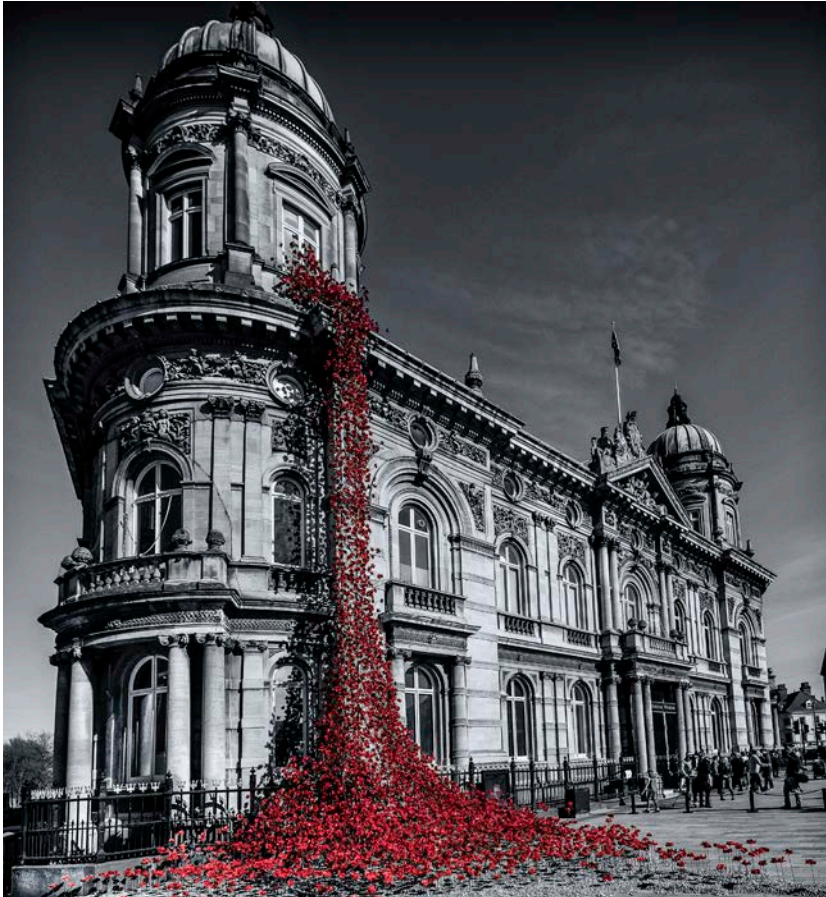


Image: Chris Bird via Flickr

spending. Between 2009/10 and 2018/19: More than £860m in real terms was cut from annual council spending on arts and culture – a reduction of £18.66 per person. Local spending is now 38.5 per cent lower, at just under £1.4bn per year.

- Every region has felt this impact. Cuts were proportionately worse in the West Midlands (44.6 per cent), East of England (41.5 per cent), North East (39.6 per cent), South West (38.9 per cent) and the North West (38.9 per cent), while in London the cut was 38.6 per cent.
- Every English region saw a cut of at least £15 per person, with some regional differences: London's per person cut was highest, at just under £22 per person, but spending was much higher to begin with and remains higher now.
- Looking at city, town and village classification, the largest percentage cuts were in councils classified as 'village or smaller' (46.7 per cent) or 'medium towns' (41.5 per cent), but councils in London and those classified as 'core city' which tended to spend more beforehand experienced the largest per person cut in their budgets (£21.71 and £21.19 respectively).

Arts Council England fails to treat places equally when providing support to arts and culture:

- 41.4 per cent of all 2018-22 Arts Council England national portfolio organisations (NPO) funding is assigned to organisations based in London (which has 15.9 per cent of England's population). This is equal to £74.30 per person in the capital, compared to £19.93 in the rest of England. This fund-

Arts and culture are woven through our communities and our lives. Every day, they improve our wellbeing and help people connect with each other. They support social mobility, teaching vital skills and keeping young people in education; they reveal the pride we feel in the places where we live and they help grow the economies of villages, towns and cities across our country.

However, arts and culture funding has been severely cut since 2010 and now, with Covid-19, many arts organisations and artists face an existential threat. Across most of England, the resilience of the

arts has been eroded by a combination of local government funding cuts, Arts Council England's focus on London and many organisations' reliance on vulnerable earned income from ticket sales and hospitality. The Covid-19 pandemic has shut down theatres, venues and community arts spaces across the country and threatens another wave of long-term underfunding that many cannot survive.

- Councils are the largest overall funder of arts and culture in England, but for the last 10 years, local government has had to cut back significantly on arts and culture

ing benefits larger and more established organisations, both in London and in other places, such as the National Theatre, Birmingham Royal Ballet and Opera North.

- The other funding which Arts Council England distributes is National Lottery funding for community arts and culture. Between 2009 and 2018 £50.40 per person was invested in organisations based in London, compared to £21.26 in the rest of England.

As a result, across most of England the arts and culture sector was fragile before Covid-19 hit. Many arts and culture organisations have become more reliant on earned income, something that has been encouraged, if not required, by government ministers.

Some organisations have been unable to do this and have folded, but those that did were left vulnerable to economic shocks (and would have been at financial risk from a severe recession even without Covid-19 social distancing).

Now, social distancing is having an acute, immediate and existential impact on arts and culture. The latest official figures show that 46.6 per cent of arts, entertainment and recreation businesses surveyed reported turnover falling by

more than half, 66 per cent of staff are furloughed and 77 per cent of those eligible in the sector have taken up the self-employment income support scheme.¹

The centralised response has had some strengths. In March 2020 Arts Council England immediately responded to the crisis with £160m emergency funding package. The government's additional support package for the sector in July was necessary and welcome: ministers have stepped in with a short-term £1.6bn funding package for arts, culture and heritage.

But the government was slow in announcing the funding package and has been slow in distributing it to the organisations that need support, with little to no role for local government. Significant gaps remain, especially for freelancers, thereby threatening the sector's long-term viability and diversity. And while the package postpones the reckoning for parts of the arts and culture sector, it does not eliminate it. For some, it is already too late.

We now need a real plan, with local government at its heart, to put the sector on a sustainable footing. In doing so, arts and culture can be used as a powerful tool to improve wellbeing, social mobility, the high street, and the economy. The impact of Covid-19 is severe, but that makes arts and culture more important than ever.

Across most of England
the arts and culture
sector was fragile
before Covid-19 hit

POLICY RECOMMENDATIONS

Arts and culture must be at the heart of a post-Covid-19 recovery plan to 'build back better' and level up the country, as the government has pledged. The government must enable councils to repair the damage caused by a decade of spending cuts, damage which has been exacerbated by the pandemic. Local authorities, supported by Arts Council England, could help rebuild the arts and culture ecosystem across England, with a commitment to inclusion, diversity and participation, by focusing on grassroots arts organisations, freelancers, and small creative businesses. We make seven recommendations below:

1. Central government should devolve responsibility for the final £258m worth of arts and culture grants to local government working in partnership with Arts Council England

The government has reserved £258m of the £880m worth of arts and culture grants it has pledged for a second round of funding later in the year. This should be devolved down to local authorities, working in partnership with Arts Council England. The funding should be prioritised for those who need it the most, particularly smaller organisations and freelancers. Councils should show transparent decision-making and robust, inclusive processes in distributing all funding – which could be adapted and improved from those Arts Council England currently uses.



2. Central government should provide a five-year funding settlement for local government, plus an additional £500m arts future resilience fund

A five-year increased local government settlement should be introduced to give councils the certainty, flexibility and resources to invest in the sector. An additional £500m per year arts future resilience fund should provide extra funding specifically for arts and culture to match-fund council spending, with allocations reflecting the different financial positions councils find themselves in after a decade of unequal spending cuts.

3. Councils should purchase empty high street premises to place culture at their heart

Councils should be supported to place culture at the heart of the transformation of places and address the crisis on the high street. Central government should provide £500m in capital expenditure grants to allow councils to purchase empty high street assets across England and allow them to be used to provide affordable rental spaces to arts and culture organisations, to provide places for freelancers and individual creatives to work in and for other uses that strengthen local arts and culture.

4. Central government should require Arts Council England to distribute National Lottery funding on an equal basis across the country

Arts Council England should be required to distribute National Lottery funding for arts and culture to the regions of England on an equal per person basis by 2025. Devolution of this funding should be piloted in selected mayoral combined authorities and the Greater London Authority, with decisions taken by arms-length organisations accountable to local politicians. They would be required to implement transparent and



robust processes and work closely with Arts Council England to benefit from its expertise and capacity where necessary.

The government should offer this as part of future devolution deals if the pilot is successful.

5. Central government should reform UK City of Culture, provide additional funding and learn from London Borough of Culture

The government should introduce three reforms to the UK City of Culture scheme, before allowing local authorities to bid for the 2025 title. First, it should provide direct government funding to enable places to bid for the title, for the winning location to support initiatives during the year, and for a transformational legacy. Second, it should amend the bidding guidance to encourage all applicants to focus on the growth of community arts organisations as a priority. Third, alongside the main title, it should provide a number of UK cultural impact awards to projects across the UK that support the use of arts and culture to tackle social challenges, learning from the London Borough of Culture scheme where this was done successfully.

6. Councils should commit to a charter for effective local government support for arts and culture

Councils should use their powers to shape their local arts sectors to be more resilient, inclusive and sustainable, with more opportunities for people from all backgrounds to participate in the arts and secure sustainable employment in the sector. In doing so, they will help arts and culture contribute to improved wellbeing, increased social mobility, transformed communities, and a stronger local economy.

Based on best practice already implemented by many councils, there are five key principles that all councils should commit to.

- **Long-term sustainability:** support should promote sustainability in the sector and be committed to making a difference over the long term.

Councils should use their powers to shape their local arts sectors to be more resilient, inclusive and sustainable

- **Partnerships:** support should develop new partnerships with the community as well as with public, private and community sector organisations to strengthen the entire cultural ecosystem.
- **Supporting people's wellbeing:** support should be determined on what works best for local people's wellbeing.
- **Rooted in the local:** support should build on local identity and local cultural assets.
- **Opportunity for all:** support should widen opportunities to participate in and access culture experiences, cultural education, and jobs in the creative industries.

7. Councils should reform the way they commission services, to ensure that arts and culture organisations can help them achieve better outcomes, especially in public health

Councils should reform and simplify their procurement and commissioning processes to enable arts and culture organisations to deliver services and new solutions to long-standing local problems. Where appropriate, councils should focus on outcomes, rather than on delivering specific services, so that the sector can innovate on solutions. Partnership and training should be encouraged to expand capacity within organisations. Local government should consider how to use non-culture budgets, including public health funding, to support local arts organisations to meet the aims of councils.



1. Introduction



Arts and culture are woven through our lives and our communities. More than three-quarters of adults in England engage with the arts each year. Millions of us take part in the 50,000 amateur arts groups, 40,000 community choirs, 11,000 amateur orchestras and thousands of other grassroots culture organisations.² Participation in the arts has significant wellbeing benefits, reducing loneliness, improving mental and physical health, and allowing communities to reconnect. They are central to many communities' sense of who they are, with music, drama, dance, and the visual arts creating local pride and identity.

A successful, dynamic local arts and culture sector is crucial for meeting a variety of social and economic goals. It directly contributes to local economic growth and job creation, attracts businesses and investment, transforms the physical fabric of places, and underpins the broader creative industries, as well as local bars, cafes and restaurants. Arts and culture increase social mobility, and transform communities.

The value of arts and culture is well recognised by local government in England. Indeed, long before Whitehall had a minister for arts or a department for culture, councils played an active role in assisting the sector to grow and prosper. Now, as the largest overall funder of arts and culture in England, they support public libraries and public art, galleries and museums, theatres and music performances, arts festivals and arts education as well as the thousands of charities and community organisations that use culture for a social purpose.

However, central government funding for councils has been cut in half since 2010 – so councils have, in turn, been forced to cut the level of support they provide for local arts and culture. For many places, these cuts come on top of receiving less than their fair share of Arts Council England spending. These financial pressures have meant that local arts organisations increasingly rely on earned income and private investment, which places the sector on weak foundations in difficult times.

This is why Covid-19 poses such an existential crisis for the arts and culture sector. Images of empty museums, galleries, theatres and music venues across the country quickly became 'emblems of our changing life' as Vanessa Thorpe, the arts and media correspondent at the Observer put it:

"The end of live performance and public cultural activity [became] one of the most comprehensive of the myriad shocks to the British economy, as well as to a sense of normality."³

Much of the sector has been effectively shut down, with mass gatherings including shows, concerts, and festivals prohibited and much new creative work postponed or cancelled completely, resulting in lost income, sunk costs from cancelled projects, and a reliance on limited reserves or savings.

Warnings about the financial peril facing famous London venues such as Shakespeare's Globe and the Old Vic have

Because of the long-term nature of the crisis, the full impact on the future success of our arts and culture sector is currently unknown

attracted the most attention, but there are hundreds of theatres, orchestras, music venues, micro and small businesses and other cultural organisations that are also struggling, or have already gone under – as well as thousands of creative freelancers.⁴

These challenges have lasted beyond the immediate lockdown: even more relaxed social distancing rules make most performances unviable; people will be understandably reluctant to go to arts venues due to health risks; and the economic recession will reduce people's capacity to afford such things. The loss of freelancers, local arts venues, and small creative businesses risks threatening the entire creative ecosystem that supports the success of the largest and most well-known organisations.

Because of the long-term nature of the crisis, the full impact on the future success of our arts and culture sector is currently unknown. But Covid-19 has already highlighted the almost ubiquitous fragility within the sector: many arts and culture organisations will never open again – and thousands of freelancers, especially those early in their career, will never return to work in the sector.

But there is also some cause for optimism with culture proving its value as a lifeline for many in coping with the impact of the pandemic. As Eliza Easton of Nesta's Creative Industries Policy and Evidence Centre highlights:

*"Culture is an essential part of maintaining all of our wellbeing, but it is perhaps most needed by people who are shielding. For those who cannot leave their homes, books, TV, radio and music are remaining windows into the world."*⁵

BOX 1.1: HULL COMING OUT OF THE SHADOWS⁶

Described by Peter Porter, an Australian poet, as 'the most poetic city in England', Hull was the second UK City of Culture in 2017.⁷

The city has experienced recent success in attracting new investment as both Green Port Hull and the creative industries expand: recent economic growth has often outpaced the UK average.⁸ But Hull has struggled to overcome a long period of stagnation and deprivation following the collapse of its main industries in the 1970s. Unlike similar cities overseas, it has not been supported to adapt and diversify, and therefore remains one of the lowest income cities in Britain. Overall Hull still lacks economic resilience and is isolated by poor transport connections to the wider north and the rest of the country.

Hull's bid for UK City of Culture focused on using culture to find 'its place in the UK ... and reestablish its reputation as a gateway that welcomes the world'.⁹ The Chair of 'Hull 2017', Rosie Millard, claimed the year would ensure

*"All of the city's residents, wherever they live, will have the opportunity to participate in and experience the transformational power of culture".*¹⁰

Hull's 2017 programme aimed to deliver '365 days of transformative culture' and to tell the story of the city's past, future, and identity through four seasons:

- **Made in Hull:** highlighting the contribution of the city to arts, entertainment, industry, and the discussion of ideas in a way that challenges preconceptions, both within the city and around the world;

- **Roots and Routes:** expanding Hull's international links, as a gateway to mainland Europe, to create new partnerships and collaborations through culture;
- **Freedom:** reflecting on Hull's relationship with ideas of freedom and igniting discussions about equality and social justice for all in modern Britain and around the world;
- **Tell the World:** using culture to look forward and redefine Hull as a key northern city; as a 'place reborn, with the voice and confidence on the up'.¹¹

Over the course of 2017, more than 5.3 million people attended over 2,800 events, exhibitions, installations and cultural activities which were delivered across Hull and the East Riding of Yorkshire. More than 90 per cent of residents engaged in at least one cultural activity.¹²

- **Total population:** 260,000.¹³
- **Average annual earnings (2018):** £19,268 (UK average £24,003).¹⁴
- **Deprivation:** Hull is the fourth most deprived local authority in England.¹⁵
- **Child poverty rate (after housing costs):** 36 per cent (UK average 22 per cent).¹⁶
- **Health:** 78.0 per cent rate their health as very good or good (UK average 81.4 per cent).¹⁷
- **Life expectancy (2016 – 2018):** 76 years for men and 80.2 years for women (UK average 79.3 years for men, 82.9 years for women).¹⁸

BOX 1.2: WALTHAM FOREST WELCOME TO THE FOREST¹⁹

The home of William Morris, the British textile designer, novelist and activist, as well as the Arts and Craft Movement, Waltham Forest was the inaugural 2019 London Borough of Culture.

Waltham Forest is undergoing significant change with strong economic growth and a rising population coinciding with – and contributing to – accelerated ‘gentrification’. As one focus group participant told Fabian Society researchers:

“Now suddenly Waltham Forest is cool.”

This brings both benefits, through regenerated and improved public spaces, but also disadvantages, as housing and living costs increase rapidly. This has contributed to high levels of poverty, especially for children. London Borough of Culture offered the chance, in the words of Clare Coghill, the leader of Waltham Forest Council to

“create great places to live and do business ... inspire a generation to see arts and culture as a viable and worthwhile career choice ... [and] bring culture to every corner of Waltham Forest.”²⁰

Waltham Forest’s bid for London Borough of Culture emphasised three key themes, grounded in the local area and developed by residents working with arts practitioners:

- **Makers:** reflecting the manufacturing history of the borough and its future prosperity in the creative industries to improve life chances;
- **Radicals:** highlighting the need to experiment and look at different approaches to improve residents’ quality of life;
- **Fellowship:** creating a meaningful and inclusive programme with ‘culture on every corner’ and a lasting impact for communities.²¹



Image: Peter Sristiva Flickr

Over the course of 2019, more than 500,000 visits to over 1,000 events, workshops, installations, exhibitions, and tours took place.²² As every part of Waltham Forest participated in London Borough of Culture, ‘arts and culture have been woven into the fabric of everyday life’ argues Waltham Forest’s *The Story of our Year: Evaluation, Impact and Learning*.²³

- **Total population:** 276,000.²⁴
- **Average annual earnings (2018):** £28,630 (UK average £24,003).²⁵
- **Deprivation:** Waltham Forest is the 63rd most deprived local authority.²⁶
- **Child poverty rate** (after housing costs): 39 per cent (UK average 22 per cent).²⁷
- **Health:** 82.7 per cent rate their health as very good or good (UK average 81.4 per cent).²⁸
- **Life expectancy** (2016 – 2018): 80 years for men and 84 years for women (UK average 79.3 years for men, 82.9 years for women).²⁹

Arts and culture have never been more needed, both to help people through the immediate crisis and to support society to recover

At a time when much of the sector’s very survival is under question, arts and culture have never been more needed, both to help people through the immediate crisis and to support society to recover.

This report reveals the extent of the cuts to local government arts and culture funding since 2010, before setting out why councils should prioritise future investment in the sector. Throughout the report, insights from Hull’s experience as 2017 UK City of Culture and Waltham Forest’s 2019 London Borough of Culture will be set out to highlight the impact arts and culture can have on communities – introduced in Box 1.1 (previous page) and Box 1.2 (left).

The report finishes with a set of recommendations to ensure that the arts and culture sector recovers from the immediate crisis and prospers in the long term with support from local government.



2. The crisis in arts and culture funding



Arts and culture has experienced a decade-long funding crisis, with substantial cuts in support from councils for arts and culture organisations. England has a mixed model of funding for arts and culture, combining substantial public, commercial and philanthropic income. In this context, public sector cuts have greatly undermined the sustainability and resilience of the sector. Covid-19 and the increased financial pressures it is causing, risks causing permanent damage for the arts and culture sector. At a time when private income is disappearing and when the arts and culture have never been more needed, the capacity of local government to step in and provide support has been severely curtailed. This chapter summarises the changes in local government arts and culture spending.

2.1. LOCAL GOVERNMENT FUNDING OF ARTS AND CULTURE SINCE 2010

In 2009/10 local authorities across England spent more than £2.2bn on arts and culture. Over half this amount (£1.24bn) went to libraries, £419m was spent on theatres and public entertainment, over £322m on museums, £173m on arts development, and £83m on heritage (2018/19 prices). Maintaining these spending levels has proven impossible since 2010 as council funding has been slashed, with the deepest cuts in more deprived areas.³⁰

Local authorities have been forced by central government to make difficult choices on spending and have sought to protect key statutory services, especially social care. This has placed enormous pressure on funding for other services

including libraries (despite also being a statutory service). As Nick Forbes, leader of Newcastle City Council, put it:

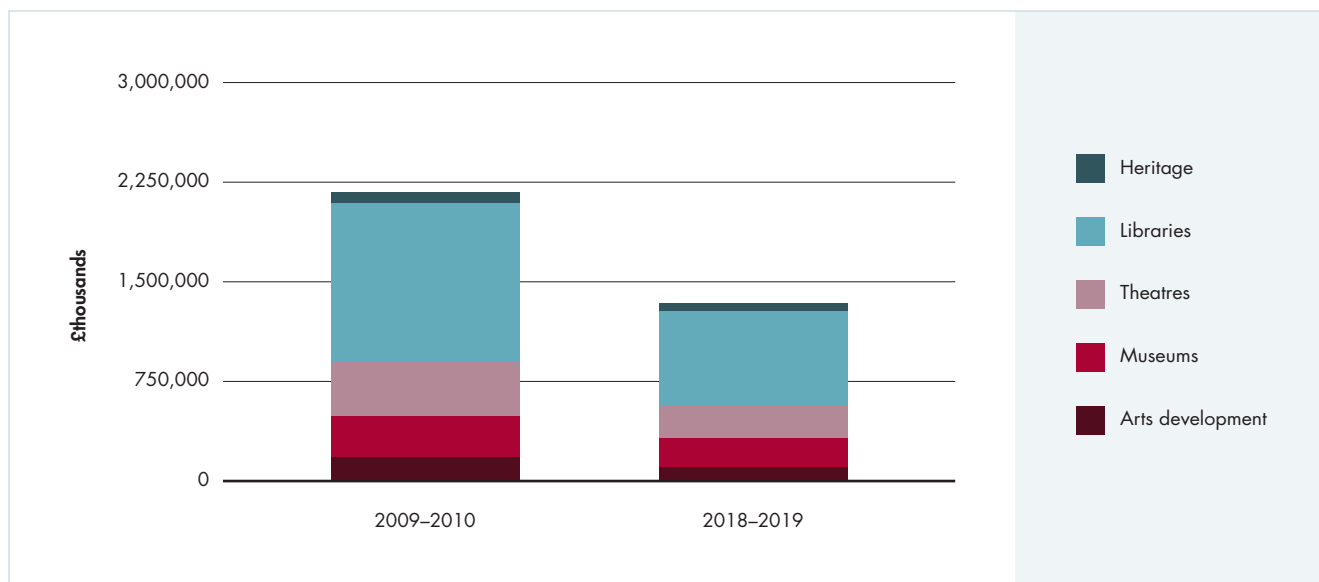
“We’ve cut every other service that the council provides to the absolute minimum, to try to protect social care.”³¹

This experience is shared by councils across England.

The consequences for arts and culture budgets have been devastating. Between 2009/10 and 2018/19, English councils’ annual expenditure on arts and culture fell in real terms by over £860m to just under £1.4bn, a cut of 38.5 per cent (see Figure 2.1). Councils now spend £18.66 per person less annually on arts and culture compared to 2009/10.³² The largest percentage cuts have been seen in arts

FIGURE 2.1: Local government funding for arts and culture has fallen from £2.2bn to just under £1.4bn

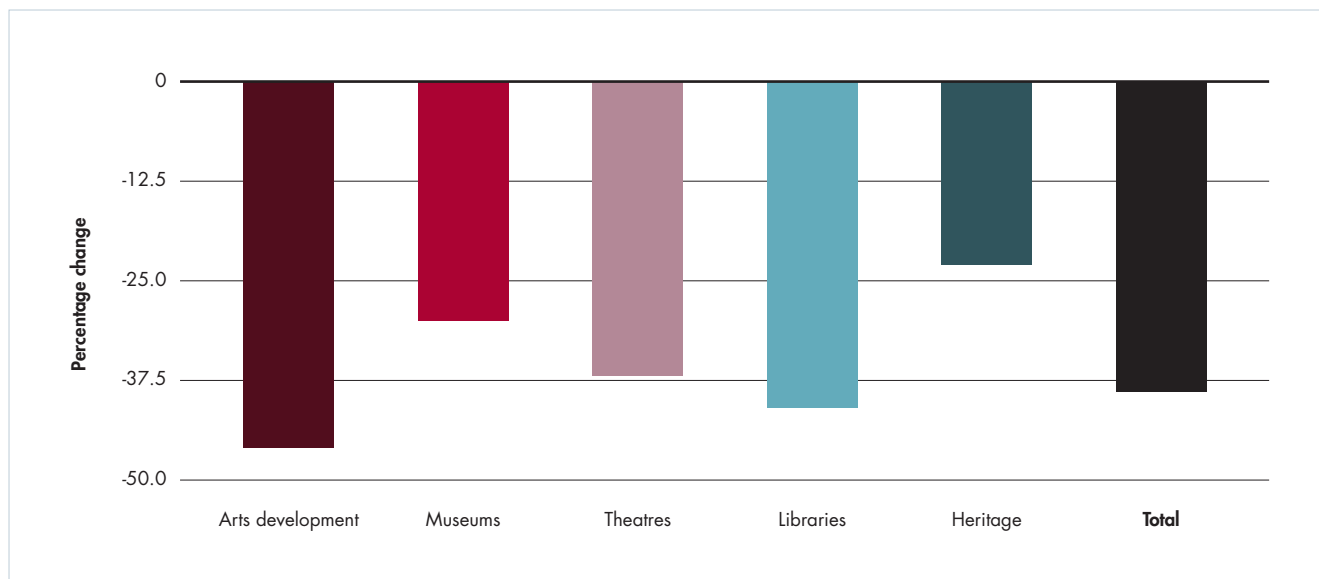
English local authority real expenditure on arts and culture



Source: Author's analysis of MCHLG 2010, MHCLG 2020.³³ 2018/19 prices.

FIGURE 2.2: Arts development and libraries saw the largest percentage cuts

Percentage change in budgets of different types of arts and culture



Source: Author's analysis of MCHLG 2010, MHCLG 2020.³⁴

development, which provides funding for arts activities and organisations (45.9 per cent), and libraries (41.5 per cent) - (see Figure 2.2). English councils spent £11per person less on libraries, £3.35 less on theatres and public entertainment, £2.17 less on museums and galleries, £1.67 less on arts development and 46p less on heritage in 2018/19 compared to 2009/10.

On average, councils in every region have cut their annual arts and culture budgets by more than a third - and by more than £15 per person - but there are some geographic differences. As Figure 2.3 shows, when looking at percentage cuts to 2009/10 spending, the West Midlands, East of England and the North East experienced the largest falls. In terms of cuts to spending per person, London experienced the largest decline (£21.71) in 2009/10 council arts and culture spending was significantly higher in the capital than elsewhere) followed by the West Midlands (£21.11) and the North East (£20.19).

In 2009/10 councils in the most deprived fifth of areas were on average spending more on arts and culture than other areas (reflecting their higher overall resources). Between 2009/10 and 2018/19 they then made the deepest cuts in terms of spending per person (£20.65 per person), reflecting a percentage decline that was less than the national average (34.2 per cent).

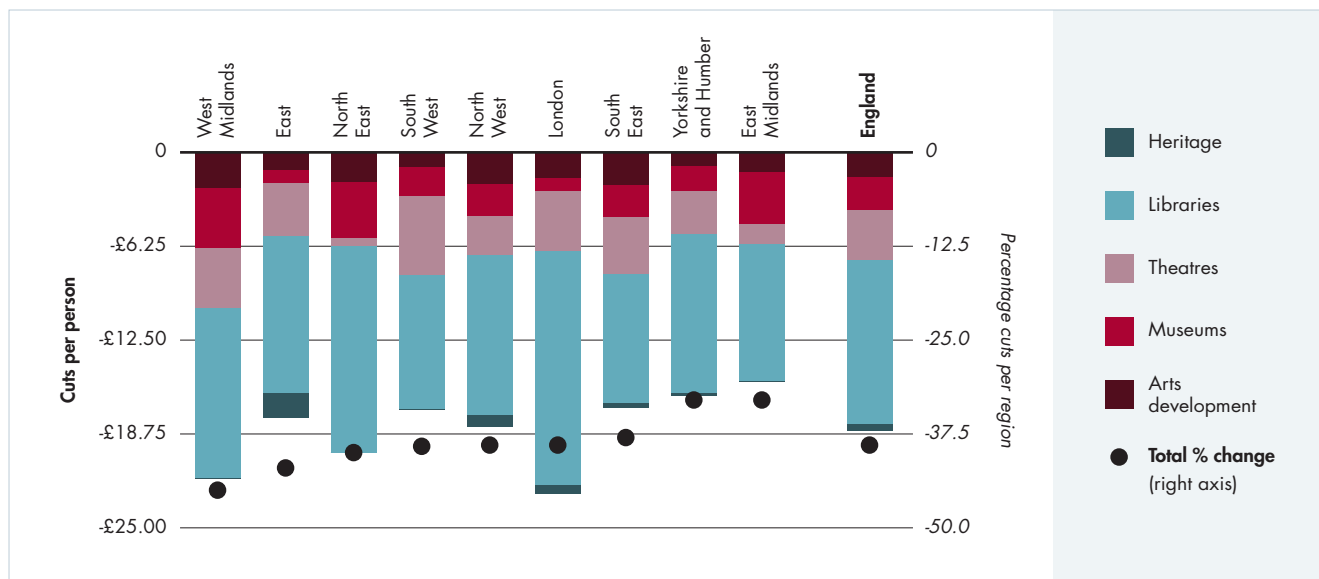
Looking at city, town and village classification, on average councils classed as 'village or smaller', like Cambridgeshire, Herefordshire and Cornwall, implemented greater percentage cuts to their arts and culture budgets, followed by 'medium towns', like Redcar and Cleveland, Lancashire and West Berkshire (see Figure 2.4). When considering cuts in terms of cash per person London, and 'core city' districts like Knowsley, Newcastle and Birmingham, fared worst.

Even after these huge cuts councils still provide important non-financial support to their local arts and culture sectors.

They facilitate access to rehearsal and performance spaces, advise on marketing and partnerships, and offer leadership to bring together community and arts organisations to deliver benefits for the local area.³⁵ However, nearly a decade of spending cuts has seriously curtained the capacity of local government to support local arts and culture, both financially and non-financially. Covid-19 is set to make local government finances even more constrained. Local government spending has increased to respond to the pandemic, while income has decreased. This leaves councils with a potential funding gap of £7.4bn, according to the Local Government Association, despite the government providing £3.2bn of emergency funding.³⁶ Central government expenditure has risen significantly to protect the economy, but this also raises the potential for future spending cuts - which, if recent experience is anything to go by, will hit local government finances very hard.

FIGURE 2.3: All regions have seen significant cuts, but some have been worse hit than others

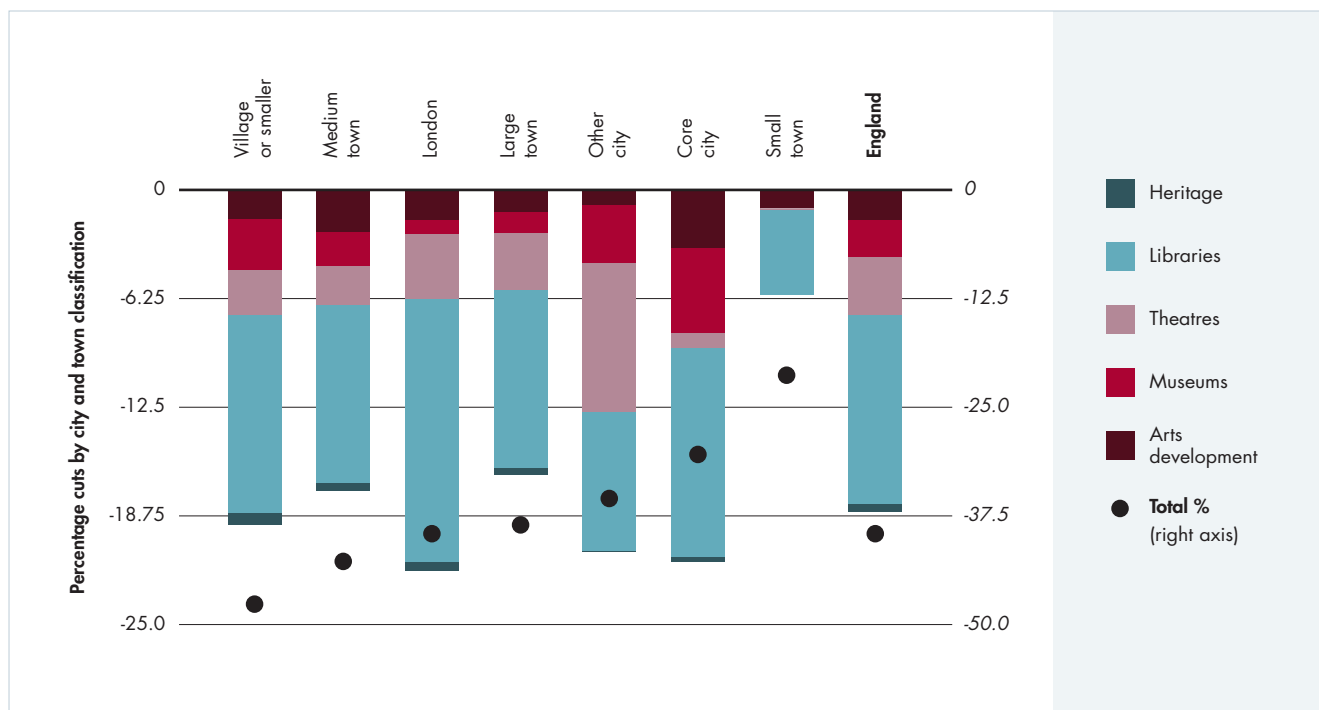
Cuts to English local authority expenditure on arts and culture (per person and percentage)



Source: Author's analysis of MCHLG 2010, MHCLG 2020.³⁷

FIGURE 2.4: Areas classified as villages and medium towns have seen the sharpest percentage cuts, but cities have also been cut

Cuts to English local authority expenditure on arts and culture by city and town classification



Source: Author's analysis of MCHLG 2010, MHCLG 2020, House of Commons Library 2018.³⁸

BOX 2.1. YEARS OF CULTURE

Over the last decade, while the ability of local government to fund arts and culture has been drastically curtailed, there has been a proliferation of place-based 'years of culture'.

Following the example of UK City of Culture, the Mayor of London, Sadiq Khan, has launched the London Borough of Culture; the Mayor of Greater Manchester, Andy Burnham, has launched a Town of Culture; and the Mayor of the Liverpool City Region, Steve Rotherham, has launched a Borough of Culture. There have also been calls for the creation of a UK Town of Culture initiative.³⁹

Our research in Hull and Waltham

Forest identified a number of benefits from these years of culture in supporting the arts and culture sector:

- **Increased participation:** there was a significant increase in the confidence of Hull residents about joining or taking part in arts and cultural activities following UK City of Culture, with 52 per cent saying they were confident in 2018 compared to 43 per cent in 2015.⁴⁰ The 2018 Residents' Survey found 31 per cent of Hull residents attributed their increased interest in arts and culture to the city's status as UK City of Culture;

- **Capacity building:** the bidding process for 'years of culture' can bring benefits to places, even if a city or borough fails to secure the overall title. It requires new partnerships to be created, the public to be engaged, and a vision of local culture to be articulated that outlasts the immediate bid, which acts as a basis for future policy. As one roundtable participant told Fabian Society researchers:

"The process of actual capacity-building that we have to do in order to bring people together to do this [the bid] ... that isn't a loss."

BOX 2.1. YEARS OF CULTURE (Continued)

In chapter three, we analyse the substantial benefits Hull and Waltham Forest experienced from UK City of Culture and London Borough of Culture respectively. We have focused on the impact winning the titles had on wellbeing, social mobility, communities, and the local economy.

However, as a policy, these years of culture awards need to be seen as additional to ongoing local government support for arts and culture. Our analysis shows they are not an adequate policy alternative for a number of reasons:

- **Competitive basis:** by their nature not every city or borough can benefit from a place-based culture award. Investment from these titles is unevenly spread, while other places struggle to fund culture. And so far towns, villages and communities in many conurbations have been left on the sidelines. As one roundtable participant argued:

"I worry a little bit [about] that the path we're on. We're going to see places that get [funding] getting better because they've got the confidence, and the other places will sort of get forgotten."

The London Borough of Culture programme addressed this concern by making an additional six Cultural Impact Awards in 2018 that provided over £1m to six London boroughs that did not win the main award for projects that targeted specific social challenges.

- **No direct funding:** the UK City of Culture does not unlock funding from central government for arts and culture. For the 2021 title, the bidding guidance stated that no direct national funding would be provided by the UK government 'specifically for events and initiatives related to UK City of

Culture'.⁴¹ Hull received investment from other public bodies such as Arts Council England. Coventry received £7m from the government's cultural investment fund in 2019 to support its work as UK City of Culture 2021, but only after it secured the title.⁴² Unlike UK City of Culture, London Borough of Culture does some provide some direct funding.

- **One-off boost:** for many places a year of culture is likely to come with unprecedented – and unrepeatability – levels of arts and culture provision. The years following can feel like a 'sugar crash' as one focus group participant argued. It has been difficult to sustain change in places following a year of culture, or at least a level of change that residents can perceive. In Hull, one resident suggested:

"It's just been like ... 'here's some money, have fun' and now we're all ... like 'ok, what do I do now?'"

Winning communities have struggled to identify adequate financial support for culture, as councils experienced spending cuts, to secure a legacy that leads to transformed places to live.

- **Insufficient community arts focus:** there was no specific reference to community arts organisations and the work they do in the bidding documents for UK City of Culture, although there was reference to a need to 'include and work with a broad range of local ... partners'.⁴³ An insufficient community focus perhaps underpins perceptions in our focus groups that these events are often orientated to tourists and external audiences rather than local residents. In Hull specifically, there were concerns

that certain communities within the city missed out as the increase in cultural events, during and after UK City of Culture, tended to be concentrated in the city centre, with one focus group participant suggesting:

"What was done in Hull ... has made the most unbelievable difference to the centre, but it hasn't really happened out of [it]."

In the words of one roundtable participant:

"A year of culture is great, but five years of culture and a decade of culture is better."

While years of culture in Hull and Waltham Forest have brought about significant change, there is a limit to what the policy of years of culture can do, without wider, long-term financial support from local government for arts and culture.



2.2. ARTS COUNCIL ENGLAND FUNDING

Arts Council England is the largest England-wide funder of arts and culture. It provides public investment to thousands of individual artists, community and cultural organisations across the country. This support is mainly distributed through two main funding streams: the national portfolio and National Lottery funding. This money plays a vital role in underpinning the creative industries, the cultural sector and tourism sector, particularly in London. Around 36 per cent of the creative industries and cultural sector workforce is based in the capital, and more than 31 per cent of the total value of England's tourism is spent in London.⁴⁴

Arts Council England funding has long favoured major institutions largely based in the capital, contributing to historical underfunding of grassroots arts and culture across England which local government has sought to mitigate. In 1984, Arts Council of Great Britain, the predecessor body to Arts Council England, argued it was:

"Inequitable that London, which holds about one-fifth of the population in England, should attract about half the Council's spending".⁴⁵

Such differences continue, albeit on a reduced scale. Culture in the Coalfields found that for every £1 spent by Arts Council England in coalfield areas (population around 4.2 million) between 2007/08 and 2017/18, £8 was spent in London (population around 9 million).⁴⁶

National Portfolio Organisations

In the 2018 – 2022 round of funding for national portfolio organisations, Arts Council England will invest £1.6bn in 837 national portfolio organisations (NPOs). They include organisations such as the National Theatre, Opera North, and Birmingham Royal Ballet. These NPOs hold funding agreements, guaranteeing

annual investment over a period of time.

This funding is skewed significantly towards larger organisations based in London. Organisations based in the capital will receive 41.4 per cent of funding between 2018 and 2022. The next largest share of the funding will be received by organisations in West Midlands at just over 11.7 per cent (see Figure 2.5 below). London will receive £74.30 per person – over 3.7 times more than the rest of England (£19.93). While these institutions are accessible to individuals living in the wider South East, there is still a huge disparity in provision for people within travelling distance from London, compared to everyone else in England. We can compare this to the previous funding round between 2015 and 2018 (see Figure 2.5 and Figure 2.6 below). It shows that regional differences have been reduced but only slightly, despite the portfolio growing by 174 organisations. London's share of NPO funding has slightly declined (by 1.6 percentage points), but only the North West, the South East and the East Midlands increased their share while the share spent in the West Midlands and the South West fell. On a per person basis, London received four times as much funding than the rest of England between 2015 and 2018.

Very often this regional spending pattern has been justified on the basis that London has the most famous cultural institutions, the most creative businesses, and the things that attract the most tourists to the UK. GLA Economics estimated in 2015 that cultural tourism contributed £3.2 billion to London's economy, and supported 80,000 jobs in the sector.⁴⁷ As Sir Peter Bazalgette, former chair of Arts Council England, argues:

"London is arguably the world's capital of arts and culture".⁴⁸

We can all recognise the special role that London must continue to play – like many capitals do in other countries. But

the scale of London's share of spending appears disproportionate and comes at the cost of other parts of the country. As the Arts Council of Great Britain wrote in 1984:

"The Council's grant in aid is provided by taxpayers throughout the country and those taxpayers who live outside London have a legitimate claim to a fairer proportion of the Council's funds".⁴⁹

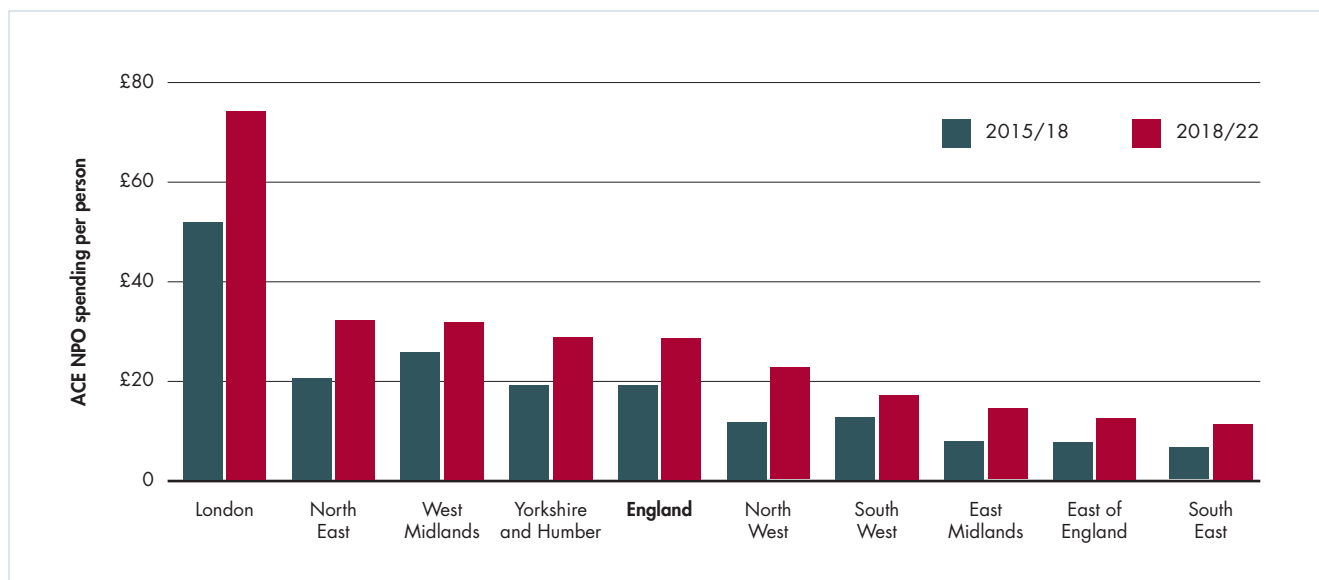
Area councils, established to ensure Arts Council England spends public money effectively and supports creative talent in each region, have been unable to ensure that funding is more balanced across England, despite having some powers on which organisations join the national portfolio.

Ultimately, this spending pattern stems from the fact that the largest and well-known organisations are favoured, most of which are located in the capital. They have an important role to play: one survey suggests that 39 per cent of leisure visitors were attracted by the cultural offer of the capital.⁵⁰ The benefits of funding the largest organisations in London are claimed to 'trickle down' to the regions, yet organisations outside of the capital claim not to have seen such benefits (though nor have many small and grassroots organisations in London itself).⁵¹ But the success of the arts and culture sector in England, and especially in London, is predicated on the entire cultural ecosystem. Arts Council England deputy chief executive Simon Mellor suggested that the increasing realisation within the sector that 'trickle down' doesn't work for many artists was a 'driver of change' for the organisation and its strategy.⁵²

The economic contribution of the creative industries sector, particularly in London, is often used to justify the arts and culture spending imbalance that favours the capital. However the creative industries include sub-sectors less obviously connected to arts and culture, including advertising and marketing

FIGURE 2.5: London organisations receive three times the England average in ACE NPO spending per person

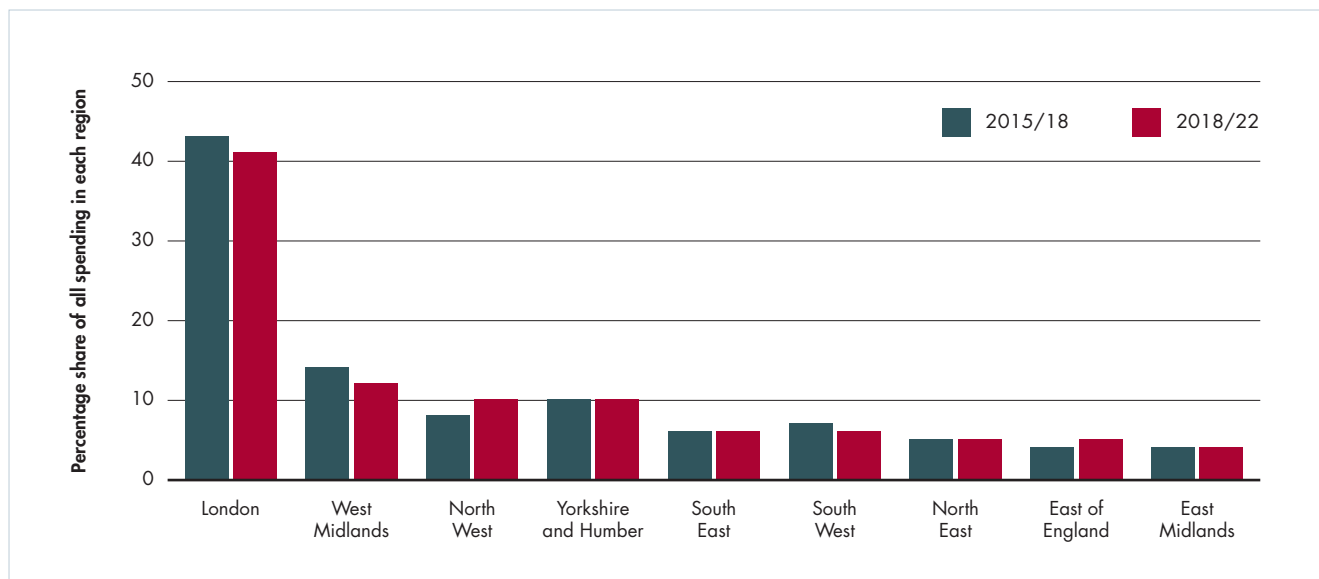
Arts Council England funding for national portfolio organisations (NPOs) per person



Source: Author's analysis of ACE 2018.⁵³

FIGURE 2.6: London organisations receive 41.4 per cent of ACE NPO spending in England

Arts Council England funding for national portfolio organisations (NPOs) share of all spending in each region



Source: Author's analysis of ACE 2018.⁵⁴

and IT, software and computing services. According to data from the Department of Digital, Media, Culture and Sport (DCMS) almost half of the gross value added generated in London by creative industries is in advertising and marketing and IT, software and computer services. These industries are important economic contributors, but there are legitimate questions as to its relevance for decisions over the arts and culture funding requirements of London.

National Lottery funding

Between 2009 and 2018, ACE distributed £1.45bn in National Lottery funding for arts and culture. This funding largely supports community arts across the country, including individual artists and organisations such as Falmouth Poetry Group for a poetry festival, Includo for an arts festival for the D/deaf, and Artlink which works to increase diversity in the arts sector. The House of Commons culture,

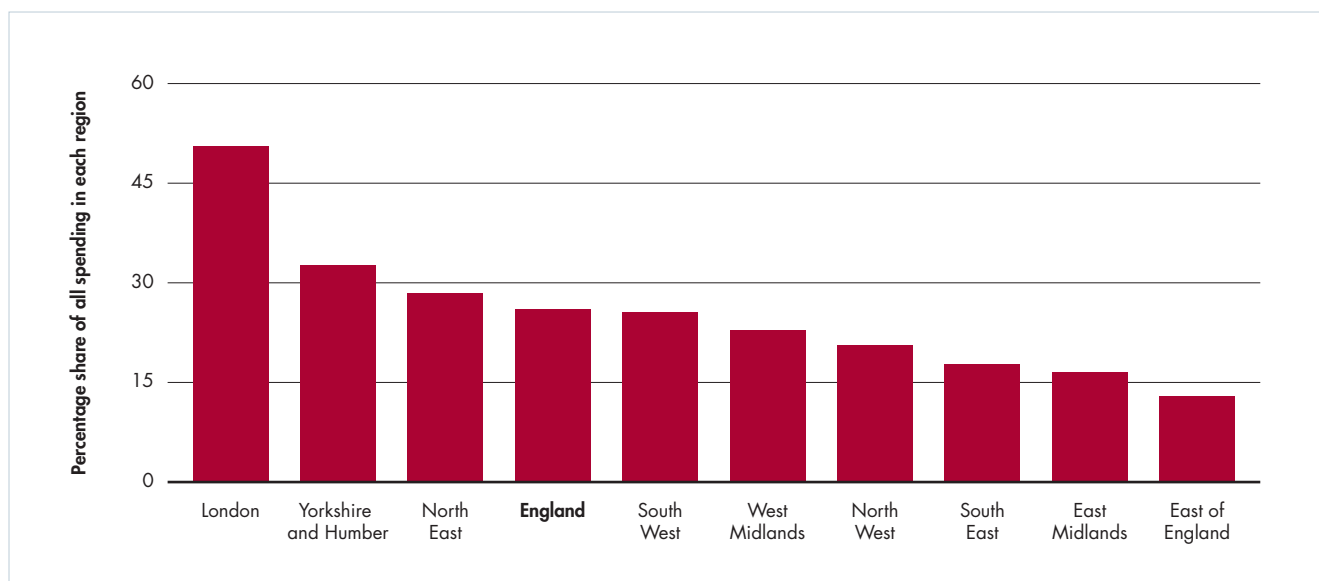
media and sport committee suggests that the additional resources made available by the National Lottery have ‘helped establish a nationwide cultural infrastructure’.⁵⁵

Regional differences are again significant, with London receiving the largest per capita allocation. Analysis of the available data from DCMS found that between April 2009 and January 2018, organisations based in London received over twice as much per person (£50.40) as the rest of England (£21.26). The East of England, East Midlands, South East, North West and West Midlands, South West all received less than the overall England average in per person National Lottery funding (see Figure 2.7 below). The evidence, suggest Stark, Gordon and Powell in *The PLACE Report: Policy for the Lottery, the Arts and Community in England* is that the National Lottery proceeds from the North, Midlands and the South West have been subsidising the arts spending in London and the South East.⁵⁶

The regional spending patterns in National Lottery funding are difficult to justify. As discussed above, there is a rationale for slightly higher NPO funding in London where there is, naturally, a concentration of national and international assets. But the purpose of lottery funding for the arts is to support community arts in its widest sense, not just ‘national treasures’ or the creative industries, and to ensure that everyone has access to arts and culture. It is different from national portfolio funding, with a greater expectation that all parts of England should benefit from the ‘good causes’ the National Lottery is intended to support. There is fantastic community arts and culture in every region, in both rural and urban areas, and it should be supported – the current distribution of funding clearly does not do that. In part this is likely to be because there is no designated geographic allocation of funding, with Arts Council England’s area councils lacking decision-making powers.⁵⁷

FIGURE 2.7: National lottery arts funding distributed by ACE has also tended to favour London

National Lottery funding distributed by ACE per person, 2009-2019



Source: Authors analysis of DCMS 2020.⁵⁸

Arts Council England's response to Covid-19

During the crisis, Arts Council England has used National Lottery funding – alongside some support from the government – to provide urgent investment in artists, arts organisations, creative practitioners, museums, and libraries. A £160m emergency response package made available £20m for individual practitioners, £50m for organisations outside of the national portfolio, and £90m for the national portfolio and Creative People and Places lead organisations.⁵⁹ Over four weeks, £64.4m was distributed through over 9,600 grants to individuals and non-national portfolio organisations.⁶⁰ London received £2.30 per person, more than every other region with the East Midlands, East of England, West Midlands, North West and Yorkshire and Humber all receiving less than £1 per person. Part of this disparity can be explained by the fact that the largest number of self-employed people working in the sector, and entitled to the support as individual practitioners, are based in the capital.⁶¹ For those organisations that received grants, the funding has proven a lifeline, helping them to survive and, in some cases, enabling the production of creative work that has reached audiences in lockdown and with social distancing. However, as Caroline Norbury from the Creative Industries Federation argues, this support was a 'drop in the ocean' and Arts Council England itself admits it 'does not have the resources to secure the income of individuals or the future of shuttered organisations through an extended lockdown'.⁶²

This increased reliance on earned income and private investment is now putting arts and culture organisations at risk during the pandemic

2.3. PRIVATE INVESTMENT AND EARNED INCOME

As local government funding has collapsed, earned income – largely from ticket sales and hospitality – and private or philanthropic investment has increased. According to the Arts Council's 2019 Private Investment in Culture survey, around 67 per cent of the total funding for English arts and culture organisations in 2017/18 came from earned income (52 per cent) and private investment (15 per cent).⁶³ This is a significant rise on 2010, when it was just under half.

This raises important, fundamental questions about the role of public subsidy in supporting the art and culture sector. Organisations have attempted to become more 'entrepreneurial', in response to the crisis in local government funding. For some, this is a positive result, with arts and culture organisations showing they can generate income independently. However, it has also meant that a lot of innovative work has not been made and important organisations have not survived.

The increased reliance on private investment and earned income is widening inequality between places. Again, London benefited most: the capital received two-thirds of England's private investment between 2015 and 2018 (£344m or £38.61 per person), while the North (North East, North West, and Yorkshire and Humber) collectively received just 12 per cent (£74m or £4.70 per person).⁶⁴ Looking specifically at national portfolio organisations, 42.8 per cent of total private income was received by London-based organisations, even though they make up just under a third of the portfolio.⁶⁵

The National Campaign for the Arts has argued that a consequence of this shift away from public to private funding has been ticket price increases, reducing affordable access to the arts.⁶⁶ As a result, the increasing concentration of resources in London has not benefited many

Londoners. Around a third of young Londoners (aged 11 to 25) cite having to pay to take part in an activity as a barrier to engage in arts and culture.⁶⁷ For example, the average London theatre ticket price paid in 2019 was £52.17, up 5.8 per cent in one year.⁶⁸

This increased reliance on earned income and private investment is now putting arts and culture organisations at risk during the pandemic. With less public funding than in the past, arts and culture organisations are incredibly vulnerable to income shocks, with many using savings and cash reserves to survive. As actor Samuel West, chair of the National Campaign for the Arts, says:

*"It's bitterly ironic that the arts sector's resourceful response to the 2008 financial crash is the very thing that has brought it to its knees in the current Covid-19 crisis."*⁶⁹

Following a decade-long crisis in local government funding of arts and culture, and the pandemic creating an existential threat to the sector, there is a need for a new funding model that places councils at the heart of investment in local arts and culture.



3. The benefits of arts and culture funding



Arts and culture have an intrinsic value to society, but they also contribute to better places and improved lives. The last chapter showed how a decade of funding cuts has made the sector’s ability to contribute increasingly difficult to realise. But Covid-19 has raised our awareness of the need for substantial new public funding for arts and culture, with local government playing a renewed role, and public support will have to be secured for the change.

This chapter sets out public attitudes towards arts and culture spending and shows why investment in arts and culture is important and should be a high priority for local government in addressing the challenges caused by the Covid-19 crisis. We analysed existing literature, consulted stakeholders, and held discussions with residents in Hull and Waltham Forest. We identified four widely recognised reasons to increase investment in arts and culture: improving wellbeing and quality of life, increasing social mobility, transforming local communities and supporting the local economy.

3.1. PUBLIC ATTITUDES TOWARDS ARTS AND CULTURE FUNDING

Arts and culture are not seen as the top public priority, but there is evidence that public support for increased funding can be secured. Survey data suggests that the public want local authorities to be investing more in arts and culture.

In 2014, nearly two-thirds (63 per cent) of people wanted councils to invest more than 50p per person per week on non-statutory arts and culture (ie other than libraries). This is over double what councils spent in 2018/19. In our focus groups in Waltham Forest and Hull, there was also support for investment in arts and culture:

- One Waltham Forest resident described London Borough of Culture as:

“A wonderful thing to be a part of and to promote, and to invest in personally. What’s more important than bringing a community together?”

Another said that arts, culture and the London Borough of Culture were:

“Something worth celebrating and definitely worth putting money into because it’s going to be for young people, old people, [and] teenagers”.

- One Hull resident suggested there should be a focus on:

“Music lessons or street art and stuff like that, it’s easy to do, it’s accessible for everybody”

Another focused on how arts and culture, especially festivals, can effectively bring:

“More awareness to who we were, who we are and who we’re going to be as well”.

However, there is some scepticism towards increased funding of arts and culture. Before Covid-19, survey data also showed that while 63 per cent of English adults supported public funding of arts

and culture, just 9 per cent supported an increase in spending by the UK government. And in both Hull and Waltham Forest, focus group participants expressed such scepticism, although specifically in relation to spending money on year-long celebrations of culture:

- In Hull, a resident argued:

“The amount of money they invested could have been invested in such a different way, such a different way that could have benefited so many more people.”

- In Waltham Forest, one resident suggested that:

“A lot of people say that the money should have been spent on different things”

rather than London Borough of Culture. They argued:

“There’s no law enforcement available on the street anywhere, and they’re all going ‘rah, rah, rah culture’, but they’re not spending money on basics.”

However, councils should not see this scepticism as insurmountable. The argument for additional arts and culture investment is there to be won, but councils need to engage with residents and show more clearly how arts spending can meet the wider concerns of communities.



3.2. IMPROVING WELLBEING

Arts and culture are vital to support people’s wellbeing and quality of life. People who attend a wider range of arts and cultural activities are more satisfied with their lives than people who do not.

- Cultural activities are linked to happiness, with 65 per cent of the public in one survey agreeing that arts and culture was good for their individual wellbeing.⁷⁰ A positive relationship has been found between museums and enhanced happiness.⁷¹
- Age UK has found that while wealth, health, education all had significant effects on wellbeing, participation in cultural and creative activities was the biggest predictor of an older person’s quality of life.⁷²

Arts and culture offer the chance for people and communities to connect with each other in a way that improves wellbeing and quality of life. The head of UNESCO argued that even in a period of social distancing, ‘art brings us closer together than ever before’⁷³. Former lecturer and Labour MP Tony Wright in the 1984 Fabian pamphlet *Socialism and Decentralisation* argued that local arts institutions offer protection against the ‘fragmentation and individualisation of modern life’.⁷⁴ It allows for the forging of common values and community identity, around which people can develop a feeling of engagement and belonging.⁷⁵ Whether through singing in a local choir or participating in an amateur theatre society, regular engagement in arts and culture provides numerous opportunities for people to gather together and create shared experiences. In one survey, around half agreed that ‘going to arts and culture events help me feel part of my community’.⁷⁶ It is through these activities and experiences that the social capital and resilience to cope with future

social dislocation and economic stresses can be created and shared more evenly.⁷⁷

Arts and culture can help reduce loneliness, which is prevalent in the UK. Before the Covid-19 crisis nearly a third of British adults said they felt lonely at least some of the time, and more than three quarters of GPs said they saw between one and five lonely people a day – and the pandemic will have only exacerbated this.⁷⁸ Social isolation increases the risk of premature death, leads to detrimental lifestyle choices including physical inactivity, and contributes to poor mental health. Research has estimated that the financial price of loneliness is around £6,000 per older person over the course of a decade in health costs and pressure on local services.⁷⁹ Research also shows how older people value the role of arts and culture: 60 per cent say it is important in encouraging them to get out and about, while 57 per cent say it is important in helping them meet other people.⁸⁰ The arts have also been recognised to reduce loneliness and social isolation for people of all ages living in rural or disadvantaged areas.⁸¹

Arts and culture activities have a positive impact on mental health and on chronic conditions, reducing depression and anxiety.⁸² They particularly benefit people with dementia, supporting cognitive skills, increasing socialisation, and affirming identity and a sense of self.⁸³ Prior to the coronavirus crisis, there were moves to adopt ‘social prescribing’ by clinicians, of which ‘arts-on-prescription’ services played a significant role.⁸⁴ These services provide participatory creative activities, often to individuals facing mental health problems or chronic pain. While small in scale, programmes using arts and culture have been found to help people with longer term conditions to manage their health, improve psychological wellbeing, reduce hospital admissions, and save the NHS money over the long-term. Evaluations of arts-on-prescription schemes in the UK suggest an average

return of investment of £2.30 for every £1 spent, through reductions in unnecessary medical prescribing and use of hospital services including emergency admissions.⁸⁵ In Gloucestershire, for example, approximately 500 people were referred on to the Artlift arts-on-prescription programme over three years. The programme “showed a 37 per cent drop in GP consultation rates and a 27% reduction in hospital admissions. This represents a saving to the NHS of £576 per patient”.⁸⁶

In both Hull and Waltham Forest, we saw the potential of arts and years of culture to bring communities together and improve wellbeing, including through volunteering (see Box 3.1).

- There was an increase in residents’ perceptions of social cohesion in Hull by the end of UK City of Culture, with 38 per cent of residents in 2017 reporting feeling connected to their local community compared to 33 per cent in 2015.⁸⁷ Eighty per cent of audiences in Hull agreed that the event they attended ‘gave everyone the chance to share and celebrate together’.⁸⁸ Programmes such as the New Music Biennial project, where composers ran workshops with different groups of participants including refugees and asylum seekers, older people, formerly homeless people, and vulnerable young people, also had positive impact on participants’ wellbeing and self-esteem.⁸⁹
- Around 80 per cent of attendees to the major events of London Borough of Culture agreed that the events ‘made them feel that Waltham Forest welcomes everyone’.⁹⁰ One focus group participant in Waltham Forest told us:

“I’ve always grown up in a diverse culture, but I wouldn’t say we’ve always been welcoming or open-minded or know much about each other’s culture. So, it’s been cool to see the different race communities, faith communities come together and share.”

Another participant agreed, suggesting that because of London Borough of Culture:

“Different people that may not speak to each other on an everyday basis would come together and celebrate.”

Covid-19 has put wellbeing at the front of policymakers’ minds. The illness and the necessary measures to tackle it, including a sustained period of isolation for many people, are having a significant impact on people’s wellbeing and quality of life. The Local Government Association and the Association of Directors of Public Health have warned:

“The epidemic will likely have psychological impacts on the population which may have a detrimental effect ... Longer term impacts in terms of trauma, grief and distress may exacerbate the burden of mental ill-health in the community long after recovery.”⁹¹

The evidence is stark:

- At the height of the lockdown and social distancing measures (the end of March and the beginning of April 2020), just over half of adults (53.1 per cent) said the pandemic was affecting their wellbeing.⁹² Indeed, the level of wellbeing observed in April 2020 was the lowest observed in the UK since the ONS started collecting data on national wellbeing in 2011.
- A survey by the London School of Economics and Simetrica-Jacobs found that 79 per cent of the population have seen a reduction in their quality of life because of Covid-19.⁹³
- Life satisfaction, daily happiness and sense of purpose have decreased compared to March/April 2019, with a substantial increase in daily anxiety and a higher proportion of people reporting they feel lonely ‘some of the time’.⁹⁴

BOX 3.1: VOLUNTEERING PROGRAMMES IN HULL AND WALTHAM FOREST

More than 2,400 people in Hull and over 1,000 people in Waltham Forest volunteered as part of the City of Culture Volunteers and Legends of the Forest respectively, with significant personal wellbeing improvements reported for those involved.

Cultural Transformations: The Impact of Hull UK City of Culture 2017 found 71 per cent of volunteers in Hull agreed or strongly agreed that there had been an improvement in their self-esteem, while 68 per cent said there had been an improvement in their confidence because of their participation in the year.⁹⁵ In Waltham Forest, The Story of our Year: Evaluation, Impact and Learning, found 87 per cent of volunteers said they had met people they otherwise would not

have met, while 73 per cent said the experience had made them feel like they belonged to their local community.⁹⁶

The volunteer programme also made a different to places as a whole. Residents taking part in the Hull focus group suggested the volunteer programme was one of the best parts of UK City of Culture programme, giving the city, in the words of one individual, ‘a more sort of friendly feel’.

The experience of both Hull and Waltham Forest show that volunteer programmes are one of the most effective ways of using arts and culture to improve wellbeing. They should be an integral part of culture offers, even in places that do not win year of culture awards.

- With responsibilities for public health, local government will be at the forefront of efforts to tackle the immediate wellbeing consequences of Covid-19 and to ensure that all places enjoy high wellbeing and good quality of life, with a reduction in health inequalities. Arts and culture have a clear role in this. A World Health Organization review of the health benefits of the arts by UCL concludes that engagement with the arts

“can support the prevention of illness and promotion of good health”

while mitigating the impact of health inequalities.⁹⁷

Overall, local councils can invest in arts and culture to improve wellbeing, create happier and healthier places to live, reducing financial burdens on key public services through a preventative agenda, and perhaps improving the efficiency and efficacy of public spending in the long run.⁹⁸



3.3. INCREASING SOCIAL MOBILITY

Many publicly funded arts and culture organisations, including galleries, orchestras, and theatres, work in schools or provide educational programmes helping young people to learn about different art forms, and supporting their learning in other subjects. There is strong evidence that participation in cultural activities, including drama and music, improves attainment in literacy and maths, and assists with early language acquisition.⁹⁹ Additionally, the Social Mobility Commission believes that extracurricular activities like music are

*“important in predicting intentions to remain in education after compulsory schooling”.*¹⁰⁰

This effect could be especially strong for those from the most disadvantaged backgrounds.¹⁰¹ Professor Dai Smith, the former Chair of Arts Council Wales, states:

“Several studies [have] found that arts involvement helped to bolster the academic achievement levels of young people from disadvantaged backgrounds.”

Salter et al suggest that ‘music programmes may have value in helping to counteract the negative impacts of low socio-economic status on child literacy development’.¹⁰² Using the British Cohort Study of 1970, Robson found that art and music-related leisure, reading for pleasure, and visiting a library all increased the odds of having a university degree at 29, even accounting for family income.¹⁰³ In the United States, students from low income families who take part in arts activities at school are three times more likely to get a degree than children from the same backgrounds who do not.¹⁰⁴

Arts and culture activities do more than support educational attainment; they also help children develop the ‘soft’ skills that are increasingly valued by employers, including confidence and creativity. These ‘non-academic factors’ will become more important in determining the opportunities available in the entire labour market, not just in the creative industries.

The Cultural Learning Alliance highlights that:

“Children are able to test their skills and gain confidence and self-knowledge through the challenges of performance or self-expression”.

BOX 3.2: LIBRARIES AND SOCIAL MOBILITY

Libraries are often the first place that children and young people experience arts and culture, and they have an important role in using culture to increase social mobility and reduce inequalities.

Libraries are well placed to do this because they are effective at engaging people from low income backgrounds, as trusted institutions with a deep reach into communities.¹⁰⁵ In 2017, the Audience Agency found that libraries reach a:

*“Much broader range of age groups and social backgrounds’ compared to other types of cultural activities, and a ‘higher proportion of black and minority ethnic users engage with libraries than those from white backgrounds, compared to other artforms”.*¹⁰⁶

Library usage has adapted during the pandemic: within weeks of closing, online library membership dramatically increased as more users sought to access online resources and e-books.¹⁰⁷

But despite the importance of arts and culture, many schools have reduced their teaching of the arts. Two-thirds (68 per cent) of primary school teachers in England said arts provision in their school has decreased, while 90 per cent of secondary schools that responded to one survey said they had cut back on lesson time, staff or facilities in at least one creative subject.¹⁰⁸ Alongside the crisis in local government funding of arts and culture, there has been a wider crisis of arts and creativity education in schools which risks reducing the ability of schools to close educational attainment gaps. The Social Mobility Commission says that state schools have reduced the quantity and quality of arts and culture in their provision, while independent schools continue to fund arts and programmes and take students on regular visits to art institutions.¹⁰⁹ In the absence of national government action to improve arts education to help, local government funding for arts and culture can ensure that students do not miss out, helping to boost social mobility and limit inequality.

Both Hull and Waltham Forest have used the opportunity of UK City of Culture and London Borough of Culture to bring arts and culture into schools:

- Hull's No Limits to Learning supported 60,000 students across the city and enabled schools to provide additional arts and culture provision to foster creativity and skill development. Analysis of the programme found that over two-fifths of students felt they had gained new knowledge or skills as a result of their participation. Seventy-nine per cent of teachers involved reported being provided with opportunities to enable students to express themselves in new ways.¹¹⁰
- Also in Hull, a year-long programme of singing and performing arts workshops run by Opera North had a significant impact on the SATs results at Bude

Park primary school. Hull City Council reported that:

"The percentage of Key Stage 2 children attaining Level 4 in reading has risen from 80 per cent in 2014, to 96 per cent in 2015. The effect has been the same lower down the school: in mathematics (Key Stage 1) the percentage has risen from 81 per cent in 2014 to 96 per cent in 2015".¹¹¹

- In Waltham Forest, every single school engaged with the Borough of Culture programme and hundreds of young people participated in schemes to gain experience in the creative sector, including the Future Creatives programme which supported 102 16- to 25 year-olds from deprived black, Asian and minority ethnic backgrounds towards careers within the creative sector through mentorship, paid work experience, and networking opportunities.¹¹²

Covid-19 poses particular challenges for social mobility, making arts and culture funding all the more important. The consequences of the crisis are likely to be the most far reaching for children and young people, with school closures contributing to widening educational inequalities. Months out of school risk

disrupting the learning of all children, but it is especially concerning for children from disadvantaged backgrounds:

- The Institute for Fiscal Studies found that children from the richest families are spending 30 per cent more time on home learning than children from poorer families.¹¹³ It also reports that pupils from better-off families have more access to resources such as private tutoring, individual chats with teachers, or a better set-up at home for distance learning.¹¹⁴

The challenge of declining social mobility as a result of the crisis will require significant policy interventions at all levels of government, in addition to the initiatives announced so far (the £650m catch-up premium and the national tutoring programme).¹¹⁵

Participation in the arts could enable pupils from the poorest backgrounds to close the gap with their more privileged peers, mitigating the impact of school closures on educational attainment. Local authorities have a role in expanding access to arts and culture to tackle educational inequalities post-Covid, despite their reduced role in the broader educational system in recent times.



3.4. TRANSFORMING LOCAL COMMUNITIES

Arts and culture funding can change the physical fabric of places and in doing so lift people's sense of pride, belonging and satisfaction with the area they live. Through positive transformations of residential, commercial, and public space, it can reduce 'symptoms of physical, social and/or economic decline'.¹¹⁶

Indeed, arts and culture is a significant factor in people's decisions to either relocate to a new place or stay put. Around 44 per cent of respondents to one survey who had remained in their area, and 43 per cent who moved to a new place, said that the local arts and cultural offer was either somewhat or very important to their decision. Analysis conducted by Wavehill Ltd found that people who live in places with more cultural amenities, and the activities they encourage, are more likely to be satisfied as a place to live.¹¹⁷

When we asked Hull and Waltham Forest residents in our focus groups for reasons they liked their local area, arts and culture were mentioned unprompted: in Waltham Forest, people identified 'the arts trail, the firework display'; in Hull it was 'an embrace of culture', 'the Freedom Festival and the Humber Street Sesh'. Culture was seen as a part of why they were proud to live where they did.

High streets, previously a source of pride and meaning for communities, are increasingly becoming part of the problem. Even before Covid-19, in 2019, there was a record level of shop and restaurant closures and the collapse of many well-known brands.¹¹⁸

Too many major retailers, as well as smaller community businesses or organisations, are struggling to afford the high rents charged by owners of retail properties – and the business rates that follow. As a result, units on the high street lie empty. Analysis conducted by Power to Change found:

"The biggest owners of vacant units are real estate and property companies (one in four) and overseas investors (over one in five)".¹¹⁹

With these owners often located outside the community, if not outside the country, they have little stake locally, and are prepared to keep shops vacant for the pursuit of profit – even if the local area suffers.

Arts and culture present an opportunity to regenerate these high-streets. At a time when town centres are "in big danger of becoming ghost towns in the future", arts and culture offers the opportunity to arrest decline.¹²⁰

They could become the focal point of community interaction in the future, as attractive places to visit and socialise, rooted in local identity and place. Arts organisations and creative businesses can occupy the spaces previously occupied by retail, ensuring they become centres of meaning and pride for people. Our roundtable in Waltham Forest highlighted potential demand for this, with one contribution suggesting the need for

"developing spaces ... that are open and inclusive and safe for creative and cultural work".

BOX 3.4: HULL AND CHANGING PERCEPTIONS

In 2003, Hull was designated the 'worst place to live in [the] UK' and a 'crap town'. But by 2017, it was named by the Sunday Times as one of the best places to live in the UK. In 2016, the Rough Guides travel guide ranked Hull as the eighth best city in the world to visit, highlighting its home-grown creativity. Such a transformation in media narratives and external perceptions of the city matter when they lead to changes within the city and residents' own perceptions. In the case of Hull, focus group participants had noticed, with one saying:

"When I've been around the country, when I used to say Hull to people said 'Oh, that place on Channel 4 that was known as the worst city in the country?' and I'm like, 'Oh, yes'. Now I go around the country, people say, 'Oh, yes, City of Culture? Yes, I went there once. A real nice place,' and I think, 'That's pretty good feedback.'"

It is important to recognise that Hull residents already had a strong sense of community pride prior to UK City of Culture. As one focus group participant told us:

"I think a lot of people from here have always been proud, always will be proud and I'm the same. I don't think the City of Culture has changed that in terms of local pride."

But it gave the people of Hull 'a green light', in the words of a roundtable participant,

"to say 'Yes, it is good to want to celebrate things about our community and actually look into heritage and look into what that future is.'"

As another roundtable participant told us:

"We all took confidence from being given an opportunity to have a national platform to promote this area [and the] positive things about living and working here."

Indeed Cultural Transformations: The Impact of Hull UK City of Culture 2017 argues that Hull City of Culture compares favourably with European Capitals of Culture in generating and articulating levels of pride amongst residents.¹²¹

Local government is prepared to create such spaces: the Local Government Association suggests at least one council is

*“developing plans to purchase disused high-street units and convert them into studios [for the creative industries]”.*¹²²

Policymakers must consider carefully the way they use arts and culture to transform local communities. From the 1980s, there has been a focus on ‘cultural flagships’ with arts and culture venues developed as anchors for related leisure, shopping, residential and office facilities.¹²³ Some of the most recognisable examples have used major institutions to attract people into city centres or more deprived areas – such as The Lowry in Salford, the Sunderland Museum, and the Tate in St Ives and Liverpool. These venues can become popular tourist attractions, defining local areas and attracting economic benefit, including new jobs. But they are often designed for regional or national audiences, to attract the affluent and high-spending, instead of serving local people. By their very nature, they cannot be in every place. Many towns that face the largest challenges could not afford to attract such large institutions. And by relying on identikit strategies, communities can fail to harness the strength of arts and culture to provide an offer that is distinctive and easily associated with existing local identities.

John Holden, the former head of culture for Demos, argues that councils should support community arts and culture and harness the capacity of cultural organisations to support the local area, its identity and its vibrancy.¹²⁴ Through the ‘animation of public spaces’, public art, live performances and community-focused cultural venues are effective at improving the attractiveness of spaces to live, work and visit, which in turn increases people’s satisfaction with the local area.¹²⁵ As one resident of Stoke-on-Trent,

cited in The Value of Arts and Culture in Place-shaping, argued having a strong cultural offer

“gives the impression that an area respects itself and its historical and cultural heritage,”

underpinning community self-esteem and pride that are important results of regeneration.¹²⁶

We found evidence that people felt more proud of their home in both Hull and Waltham Forest.

- There was a positive change in local perceptions of Hull over the course of UK City of Culture (see Box 3.4), according to the annual survey of residents, with an increase in the number of residents who were proud to live in the city in 2017 (75 per cent) compared to 2016 (70 per cent).¹²⁷
- In the Waltham Forest focus group, one participant told us:

“I am ... obviously proud to be from Waltham Forest [but] because everyone does like recognition, I feel like I was a bit more proud that we were the London Borough of Culture as well.”

Another agreed saying:

“I’ve ... enjoyed living here and everything else, but I didn’t have the sense of pride that I do now ... it’s arts, culture, the things that we do now in the community, they have made me feel like a more proud resident.”

Covid-19 makes initiatives to support and transform local communities incredibly important, and poses a number of new challenges. The risks facing the high street are likely to be

“vastly accelerated by the impact of coronavirus”

argues Melanie Leech, chief executive of the British Property Federation.¹²⁸ This means that the physical fabric of local communities is likely to change significantly, directly influencing residents’ pride and satisfaction with the places they live. As more buildings on the high-street lie empty, the case for placing arts and culture at heart of the high street will increase – as part of a wider strategy to strengthen the retail and hospitality sectors. Handled correctly, the challenges posed by Covid-19 to the high-street offer new opportunities for inclusive transformation that locates arts and culture at the heart of communities.

3.5. SUPPORTING THE LOCAL ECONOMY

When making the case for investment in arts and culture, economic arguments have often been placed at the forefront. The Local Government Association argues that

*“where local government investment in the arts is holding up, it is because councillors have been persuaded by its contribution to growth.”*¹²⁹

The direct economic impact of public funding for arts and culture can be significant. Funding for local arts development, museums, galleries, theatres and libraries can be at the heart of strategies to support the local economy. Arts and culture organisations are rooted in local communities, buying locally and contributing to the creation of supply chains and business ecosystems that support local employment and keep wealth in the area. This is not a new approach: the Greater London Council between 1980 and 1986 aimed to give greater support to creative individuals and small businesses to support local wealth creation.¹³⁰

Local government support for arts and culture organisations has wider economic benefits within the sector. In 2018 the creative industries were worth over £111bn to the UK economy, employed more than 2 million people, and grew five times as fast as the UK economy as a whole.¹³¹ The sector as a whole benefits from individual organisations being supported, through the development of talent and assets. The Warwick Commission on the Future of Culture Value in 2015 argued:

*"It is important to stress the interdependence of the economically successful parts of the creative industries with ... publicly supported sub-sectors."*¹³²

John Kampfner, the former chief executive of the Creative Industries Federation, argues that the UK's strength in the creative industries 'hasn't happened by chance' but through 'sustained public investment and strong education and training'. He warned that

*"by challenging the value of investment in our arts, we are in danger of undermining that very pre-eminence [of our creative industries]."*¹³³

Arts and culture assets can also support employment and business development in the creative industries by offering inspiration, mentoring and advice, affordable workspace, and opportunities to network or showcase their creations. For example, public libraries across the UK offer a wide range of enterprise support services for all businesses, which include free access to market intelligence, access to 'rapid manufacturing tools' such as 3D printers, and digital innovation support, all vital for the creative industries to thrive.

An attractive arts and culture offering in a place, supported by local government funding, can influence investment decisions, particularly for the retail sector and independent businesses.¹³⁴

A vibrant arts and culture sector can help attract high skilled workers and retain graduates which, in turn, encourage firms to locate in a place and create new jobs.¹³⁵

There is further indirect economic benefit from the sector in the wider economy through supporting tourism: it is a significant driver of visits, in major cities, towns and villages across the country, and especially London.

Visitors to theatres, museums, galleries or festivals not only spend money on their ticket, they buy meals in local restaurants, spend in local shops, and book hotel rooms.¹³⁶ The total impact can therefore be sizeable and important for keeping businesses afloat – especially in hospitality:

- The Economic Value of Arts and Culture in the North of England report estimated that in 2015 domestic trips involving arts, culture and entertainment generated, in the wider economy, £85m worth of spending in the North East, £358m in the North West, and £308m in Yorkshire and Humber.¹³⁷
- Between 2012 (the year before Hull was announced as City of Culture) and 2018, tourism visits to the city increased by 31 per cent, while jobs in the visitor economy grew by 27 per cent. Cultural Transformations: The Impact of Hull UK City of Culture 2017 showed a clear increase in the value of tourism to the economy, day trips to the city, and day visitor spend following Hull's designation as UK City of Culture.¹³⁸
- Waltham Forest Council identified over £4.1m spent in the local area by audiences who attended the Borough of Culture's 10 main hero events. Waltham Forest's The Story of our Year: Evaluation, Impact and Learning report highlights Welcome to the Forest, the opening event in 2019, and Leystone Loves Film

as particularly beneficial, with:

*"The vast majority of business owners and market traders reported positive economic benefits directly attributable to the wider event"*¹³⁹

The economic impact of Covid-19 will be particularly devastating for arts and culture, including the creative industries. Large swathes of the sector are locked down, and this has pushed many arts and culture organisations out of business and is forcing people to find work in other sectors: 19 per cent of respondents to a Musicians' Union survey said they were considering abandoning their careers as musicians, while 37 per cent of respondents to an Equity survey said they are now working outside of the entertainment industry or actively looking for work outside it.¹⁴⁰

There is a high risk that local arts organisations, and the venues in which they are based, will never recover from the crisis. To date, 46.6 per cent of arts, entertainment and recreation businesses surveyed reported turnover falling by more than half, 66 per cent of staff have been furloughed and 77 per cent of those eligible in the sector have taken up the self-employment income support scheme.¹⁴¹

However, arts and culture could also lead the recovery – if they receive the support they need. Once social distancing ends, they could grow rapidly and employ more people, supporting the wider hospitality sector and supply chains in an area or attracting people to spend in places. According to the Local Government Association, at least one council has identified the creative industries as a business sector likely to bounce back most rapidly.¹⁴²

For many places, a post-Covid-19 recovery requires a resurgent vibrant arts and culture sector.

4. Conclusions and recommendations



Our research highlights the value of local arts and culture to communities across the country. The arts can contribute to improved wellbeing, increased social mobility, transformed local communities, and a growing economy.

But we find that whole swathes of the country have been stripped of essential arts and culture funding over the last decade. There has been a significant decline in local government arts and culture spending since 2010 across England, while Arts Council England hasn't supported areas outside of London fairly, and other income streams, such as ticket sales, are too unreliable to sustainably fill the gap. This had left arts and culture fragile and exposed in villages, towns and cities across the country – even before the Covid-19 pandemic hit.

Covid-19 has exposed this fragility with devastating effect, and many organisations are now struggling for survival. Regardless of the government's future plans on social distancing, for the arts and culture sector, returning to 'normal' will not be a quick or easy. But at this point of existential threat for arts and culture organisations, it is equally clear that they can provide many of the solutions that we

need to recover from this pandemic.

In July 2020, the government announced a £1.6bn support package for arts and culture in the United Kingdom, committing to over £880m in grants and £270m in loans for English arts organisations. This was more than the sector was expecting, but there are concerns about how quickly the support will be distributed and who will receive investment. Arts and culture organisations bidding to Arts Council England for part of this funding could have to wait over three months after the first announcement before receiving a decision on funding. There is no support for freelancers as part of this package, although Arts Council England has announced an additional £2m available for individuals at the same time. There will be a second round of grant funding – worth £258m – to be distributed later in the 2020/21 financial year to meet the developing needs of organisations.¹⁴³

Without additional long-term support for the sector, we are likely to see the permanent closure of more venues, the collapse of more creative businesses, and more workers, particularly freelancers, in the sector struggling to make a decent living.

The progress towards a more inclusive and diverse arts sector could be reversed. The cost of inaction is high.

Below we set out how we can 'build back better' as a country by backing councils to support local arts and culture. The arts and culture ecosystem must be supported from the grassroots up, rather than only funding the larger, higher profile theatres and organisations, and expecting the benefits to trickle down. Only then can we see a 'levelling up' of arts and culture provision across England.

That is why councils must lead the way: they are rooted in their communities, they know and understand the local cultural assets, and they are best placed to shape the sector, with sustainability and resilience at its heart. Central government must assist, by providing councils with the flexibility, freedom, and resources.

Like the research itself, these recommendations (with the exception of recommendation 4) only directly affect England, as arts and culture policy is devolved to the other nations of the UK. Nonetheless, the case for additional local arts and culture investment applies to the other nations of the UK too.

4.1. CENTRAL GOVERNMENT SHOULD DEVOLVE RESPONSIBILITY FOR THE FINAL £258M WORTH OF ARTS AND CULTURE GRANTS TO LOCAL GOVERNMENT WORKING IN PARTNERSHIP WITH ARTS COUNCIL ENGLAND

The government has stepped in with a substantial support package, but the response to date has been slow and top-down with little to no role for local government. As a result, the arts and culture sector still faces an urgent funding crisis – particularly as many freelancers have been excluded from significant government support.

The recession and recovery will be geographically uneven and local arts and culture sectors will need different levels of support, but the government is currently proceeding with a ‘one-size-fits-all’ centralised approach. Councils have demonstrated they can complement government schemes effectively – between April and July 2020, councils distrusted over £10.7bn of support grants to more than 870,000 businesses. They now need to be involved in supporting arts organisations and freelancers to prevent further significant, and potentially irreparable, damage to the wider cultural ecosystem.

We recommend that councils should be responsible for delivering the government’s planned second round of 2020/21 arts and culture grant funding, worth £258m, working in partnership with Arts Council England. Councils should be required to use transparent and robust processes to distribute this funding, which they could adapt and learn from Arts Council England. Individual councils would be responsible, but they could pool resources, as they often do, within a combined authority area or across London.

Councils would be charged with getting support to those that need it most – especially the smallest organisations and freelancers – quickly and effectively, rather than hoping funding distributed

from Whitehall will find its way to where it is needed. They can then align this investment with their own efforts to support the arts and culture sector, and with wider plans to help areas recover post-pandemic. Councils could, for example, put in place conditions on support packages to require organisations to widen outreach and access to the creative industries, cultural experiences and arts education.

4.2. CENTRAL GOVERNMENT SHOULD PROVIDE A FIVE-YEAR FUNDING SETTLEMENT FOR LOCAL GOVERNMENT, PLUS AN ADDITIONAL £500M ARTS FUTURE RESILIENCE FUND

Local government faces a long-term funding crisis, which caused the severe cuts in council support for arts and culture, and has in turn been exacerbated by Covid-19. Analysis suggests that local authorities could face a £7.4bn shortfall as a result of falling income and rising costs, despite some extra funding being provided by the government to councils.¹⁴⁴ Without additional support from central government, local government could struggle to adequately fund services they are legally required to deliver, never mind fund support for arts and culture. A sustainable longer term settlement is needed to give councils the capacity, certainty and flexibility to prioritise arts and culture.

We recommend a five-year increased local government settlement and an additional £500m arts future resilience fund. The increase in central government funding for councils should also be directed towards more deprived areas that have experienced the largest overall falls in council budgets since 2010.

The future resilience fund would be provided to councils on a match-fund basis that affords councils the greatest pos-

sible flexibility on how it is spent. It would match increases in arts development, museum and galleries, theatres and public entertainment, libraries, and heritage budgets, with 2019/20 as a baseline. The government should consider matching these increases in a fair and proportionate way that reflects the different financial positions councils find themselves in after a decade of unequal spending cuts.

The fund should be used to enable and encourage partnerships between councils and Arts Council England. It would mean that local government capacity and expertise could be built up, and officers should once again be approached for input on bids for Arts Council England’s funding from their area. This would improve the local knowledge Arts Council England has when making a decision, and give councils greater information about the state of cultural provision in their area.

This would enable much of the damage to local arts to be repaired, while ensuring local councils have the freedom to invest in and support innovative programmes that deliver ambitious economic and social goals. It would allow the arts and culture sector to prove their case to local policymakers across England, making real differences to the lives of their citizens as communities rebuild post-Covid-19.

4.3. COUNCILS SHOULD PURCHASE EMPTY HIGH STREET PREMISES TO PLACE CULTURE AT THEIR HEART

The Covid-19 crisis has further exacerbated the decline of the high street, but arts and culture organisations also offer a path to a more vibrant future, with spaces and events that are rooted in local identities. The House of Commons housing, communities and local government committee has identified the ‘acquisition and assembly of land’ as an important part of a coordinated response to the transformation of high-streets.¹⁴⁵ By placing culture

at the heart of the high street, an inclusive form of regeneration can be supported, one that works for everyone in the local area and turns town centres back into sources of pride and civic identity.

Councils already have powers to purchase high street assets through compulsory purchase orders, and many councils already own properties in their town centres. However, the process as it currently operates is slow and expensive.¹⁴⁶ More needs to be done to support councils to purchase high street assets voluntarily.

We recommend the government make available £500m in capital expenditure grants to help councils directly purchase disused high street properties. In practice, the funding should come from the DCMS. While all councils would be able to bid for money, and all councils to receive some funding, scoring of bids should be weighted by deprivation, with the most deprived councils receiving more. It has been estimated that at least 1,600 available properties could be brought into public ownership as a result.¹⁴⁷

During the bidding process for these funds, councils should be required to set out how they will use the capital funding and assets to place arts and culture on the high-street, with spaces provided for community arts organisations, creative industries and individual freelancers or creatives to work from.

But councils should have maximum flexibility to innovate and decide how to use these assets to meet the aspirations of the local area in strengthening the local arts and culture sector. For example, rents could be set at a low level with conditions attached to promote inclusion and opportunities for everyone to participate in arts and culture.

Creative organisations occupying spaces could be required to support under-represented groups in the sector to create new and accessible opportunities for employment in the sector or pay any interns the living wage.

4.4. CENTRAL GOVERNMENT SHOULD REQUIRE ARTS COUNCIL ENGLAND TO DISTRIBUTE NATIONAL LOTTERY FUNDING EQUALLY ACROSS THE COUNTRY

For decades, Arts Council England funding has favoured London over the rest of the country. While this has helped important national organisations to thrive, it has deprived communities elsewhere of vital opportunities, and as a country we have failed to build up assets outside of the capital – whether community arts venues, or so-called ‘national treasures’. Modest steps have been taken to address funding differences, but we are still a long way away from closing them completely. The centralisation of decisions has not only skewed spending towards the capital, it has also deprived places of the additional value that can be gained by having arts and culture spending aligned with local cultural, economic and social objectives. Without radical action to rebalance existing public investment in the arts, the ambition for vibrant, inclusive and sustainable arts and culture nationwide is unlikely to be realised.

Arts Council England has consistently recognised that spending must be rebalanced, however past efforts have been too slow. Places outside of London should be supported to grow their cultural ecosystems, especially community arts – and National Lottery funding is best placed to do this. While Arts Council England’s area councils have strengthened the representation of places outside of London, more needs to be done to move decision making responsibilities closer to communities – especially as these councils have no formal role over distributing National Lottery funding.

We recommend the government explicitly require Arts Council England to phase in equal per person distribution of National Lottery funding to the regions of England by 2025. No longer would Lon-

don receive nearly double the per person National Lottery investment compared to the English average, as it did between 2009 and 2019. Currently Arts Council Wales, Arts Council Scotland, and Arts Council Northern Ireland receive their share of the National Lottery funding on a per person basis; the same should apply within England.

This change will push new investment to places outside of London, creating the opportunity for more world-beating, accessible culture right across England and making a powerful contribution to the government’s levelling up agenda.

These proposals would not undermine London’s place as a global centre for arts and culture. The capital would continue to receive more funding for national portfolio organisations, investment from the Greater London Authority and support for national institutions direct from DCMS – as well as the lion’s share of private funding for the arts. If implemented alongside other recommendations within this report, local arts and culture in London will also see significant increases in funding from local government.

Once a new National Lottery funding formula has been adopted, the money should be devolved to local arms-length organisations on a pilot basis in selected mayoral combined authorities and the Greater London Authority. These organisations should be independent but accountable to local politicians and work in partnership with Arts Council England, where necessary, to access support and expertise. Upon the successful completion of the pilot, future devolution deals should contain a similar shift of power to future mayoral combined authorities.

This devolution would place a significant source of funding for arts and culture in the hands of independent bodies with local expertise (see Box 4.1). They will have the freedom to align funding of arts and culture with local priorities for promoting wellbeing, building good places

to live, and supporting the local economy. However, they should also introduce robust, transparent decision making processes learning from those which Arts Council England now uses.

The government should set out a national framework for devolving this funding, in consultation with combined authorities and the Greater London Authority, which allows a high degree of freedom for policy innovation. DCMS would retain control over the high-level decisions relating to the National Lottery. It should also reaffirm the principle of ‘additionality’, requiring funding to be ‘distinct from government’ where it:

“Can complement but must not substitute for government spending programmes”.¹⁴⁸

4.5. CENTRAL GOVERNMENT SHOULD REFORM UK CITY OF CULTURE, PROVIDE ADDITIONAL FUNDING AND LEARN FROM LONDON BOROUGH OF CULTURE

Our analysis of UK City of Culture in Hull shows that, while such titles bring significant benefits to places, there are three key challenges faced in maximising its impact: the one-off boost or ‘sugar crash’ feeling after the year of culture that made it harder to secure a legacy; a perceived lack of support for community arts within neighbourhoods; and the limited benefits of a single award for cities that do not win.

Ministers should take steps to reform UK City of Culture before opening up the

bidding process for 2025. The government should provide some funding to local areas to enable them to bid for the title and guarantee funding to the winning location – rather than provide it after the title has been awarded, as was the experience of Coventry 2021. This funding should both provide a contribution during the year and support legacy work (for example small grants in the three years after being UK City of Culture). For example, Hull City Council created a one-off £2.6m legacy fund; the government could make an annual match-fund contribution of a similar value.

Also, the aims and objectives of UK City of Culture should be amended to require programmes to engage widely with local community arts organisations,

TABLE 4.1: Indicative National Lottery arts funding for each combined authority (over 10 years)

Authority	Estimated funding
Greater London Authority	£231m
West Midlands	£76m
Greater Manchester	£73m
West Yorkshire	£60m
Liverpool City Region	£37m
Sheffield City Region	£36m
West of England	£24m
Cambridgeshire and Peterborough	£22m
North of Tyne	£22m
Tees Valley	£17m

These are indicative calculations based on a similar level of National Lottery funding over a decade, as was spent between 2009 and 2018.

support their growth, and deliver greater social impact. The winning bid should be required to show how their city will support the expansion of community arts organisations, especially those who work in locations outside of city centres.

To spread the benefits of cultural titles, the government should learn from the London Borough of Culture and introduce 'cultural impact awards' that are announced alongside the UK City of Culture title award. These awards would provide small amounts of funding (less than a million pounds) to numerous individual projects across the country. These projects would have a specific social purpose, seeking to use culture to tackle challenges facing the community or expand opportunities to get involved.

Unlike London's cultural impact awards, those awarded nationally should not be limited to just those who bid for the overall title. With the exception of London, they should be open to communities of any size, including towns and villages that either cannot be considered, or would struggle to be considered, for UK City of Culture. By offering smaller amounts of investment to more places every four years, we can ensure that more people benefit from arts and culture including rural areas that are often locked out of public funding.



4.6. COUNCILS SHOULD COMMIT TO A CHARTER FOR EFFECTIVE LOCAL GOVERNMENT SUPPORT FOR ARTS AND CULTURE

If these recommendations are introduced, local government will have significant influence over how the arts and culture sector recovers and becomes more resilient in the future. Rather than merely supporting a 'return to normal', councils should shape the sector to be more resilient, inclusive, and sustainable, with more opportunities for aspiring creatives from all backgrounds and better working conditions.

We recommend that local government commits to five key principles to underpin future support for the arts and culture sector. Many councils across England are supporting the sector along the lines of these principles already, due to a decade of austerity requiring them to 'do more with less'. We present these principles in the form of a 'local arts and culture charter':

- 1. Long-term sustainability:** the arts and culture sector's recovery from the Covid-19 crisis will take time. Support from councils for local arts and culture should be for the long-term and embedded across all services, if the sector is to recover and be more resilient in the future. Such long-term recovery will require funding from central and local government, but also local leadership that recognises that arts and culture bring enormous benefits to local communities. This leadership is critical to driving partnerships, building public support for investment and articulating how arts and culture can help achieve local priorities.
- 2. Partnerships:** supporting local arts and culture to 'build back better' is not a task that councils can do on their own. Partnerships with the private
- 3. Supporting people's wellbeing:** support for arts and culture should be determined by what works best for the people who live in the community and their wellbeing. Communities make a significant contribution to local government arts and culture spending through council tax, and it should provide direct benefits to their wellbeing as a priority. This should include focusing on how arts and culture can



sector, community organisations and other public bodies should be promoted to build local capacity that can encourage the sector's growth over the long-term. Local arts and culture policy should be co-produced, with people and communities being engaged in the setting of arts and culture priorities. Councils have a convening power to bring together citizens, community arts, business, the voluntary sector, the education sector, health services, and others to set out a strategy that prioritises tackling the social and economic challenges through arts and culture, while promoting the sector's recovery.

promote good health, both physical and mental, and tackle challenges to wider social wellbeing including loneliness and isolation. Councils should consider how arts and culture can strengthen the local economy as part of this wider strategy to improve wellbeing.

4. Rooted in the local: councils should seek to build on local identity and on existing local cultural assets, including community organisations, venues and workspaces, when providing support for the arts and culture sector. Opportunities should be provided to local communities to connect with, and feel part of, local heritage and identity – in all its diverse forms. Rooting the arts and culture sector in local communities will help ensure the needs of those communities are met, and that it contributes to tackling the socioeconomic challenges they face. While it is important for local councils to learn from best practice elsewhere, the temptation to adopt a one-size-fits-all approach designed elsewhere should be resisted as cultural assets and community challenges differ greatly between places.

5. Opportunity for all: Councils should use their support for local arts and culture to ensure that everyone can access cultural experiences, cultural education, and employment opportunities in the creative industries and to benefit from their recovery in the future. Policy and funding strategies should seek to eliminate the barriers to participation and proactively encourage currently excluded groups (such as those with low-incomes, D/deaf and disabled people, and people from minority ethnic backgrounds) to access culture. By eliminating these barriers, local councils can support the sector to promote social mobility.

4.7. COUNCILS SHOULD REFORM PROCUREMENT AND COMMISSIONING PROCESSES TO ENSURE THAT ARTS AND CULTURE ORGANISATIONS CAN DELIVER SERVICES AND BETTER OUTCOMES, INCLUDING IN PUBLIC HEALTH

Arts and culture improve quality of life and wellbeing in communities. They can bring people together, tackle isolation, and improve mental and physical health. In doing so, they can also save public money or ensure it is spent in a way that achieves outcomes more effectively. There have been steps towards commissioning arts and culture organisations to achieve broad social or health outcomes, for example tackling loneliness, promoting positive mental health, or improving adult social care. But few councils have consistently used the Public Services (Social Value) Act or other means to place arts organisations at the core of their strategies to improve health and wellbeing. Many interventions are financed through short-term or one-off grant funding or pilot schemes, which limits the potential for longer term impact. Arts and culture organisations struggle to fit neatly with procurement approaches used by public bodies, including councils.

We recommend that councils implement changes to their procurement and commissioning processes to ensure arts and culture organisations can deliver new solutions to long-standing local problems. For example, councils should:

- Reform and simplify the procurement process by focusing on outcomes rather than specific services, which often provide little room for innovation, and explicitly write into all tenders the potential use of different approaches, including arts and culture;



- Encourage partnership working in the bidding process, including by encouraging lead service providers to develop relationships with or subcontract to smaller arts and culture organisations on a fair and sustainable basis;
- Provide training to their local arts sector on commissioning and procurement processes. They should facilitate knowledge exchange sessions between arts organisations and other specialists, including commissioners from other public bodies.

Local government should identify potential uses of non-culture budgets to invest in the arts and culture sector. For example, councils have responsibility for public health and some early years services, and could use arts and culture organisations more widely to provide services – working with the NHS and other bodies where required. Setting out a long-term plan for expanding the use of ‘social prescribing’ within public health should be a priority for all councils. Health and wellbeing boards should be used to secure joint ownership of expanded social prescribing with the NHS and other health professionals.

Local government also receives opportunities to bid for money from central government for certain purposes. In the future, they should consider including funding for arts and culture organisations to meet the outcomes required.

Local government should identify potential uses of non-culture budgets to invest in the arts and culture sector

ENDNOTES

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