



16 December 2010

Sandy Mewies AM
Chair
Communities and Culture Committee
National Assembly for Wales
Cardiff Bay
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Dear Ms Mewies

**Communities and Culture Committee Inquiry:
the Accessibility of arts and cultural activities in Wales**

I'm writing to provide some additional information that the Committee might find helpful in relation to its current Inquiry.

One of the areas for examination set out in the Inquiry Terms of Reference was: "the possible impact of the Welsh Government's budget for 2011-12 on all cultural activities and venues in Wales."

Throughout the course of the Inquiry there has been a certain amount of speculation about the possible outcome of the Government's budget for next year, and the consequent funding decisions that we would then take. With the Welsh Assembly Government's draft budget now published, and with my Council today announcing its provisional funding allocations, we can now look at the impact of next year's budget. I'm now in a position to address the issues of "possible impact" by setting out what we actually intend to do.

The Welsh Assembly Government's draft budget settlement to the Arts Council
The Welsh Assembly Government has announced that its funding to the Arts Council of Wales will reduce over the coming three year period:

- programme expenditure will reduce by 4%, from £28,948,000 in the current year, to £27,790,000 in 2013/14
- funding for our running costs will reduce by 12%, from £2,478,000 in the current year, to £2,181,000 in 2013/14

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Funding cuts are never welcome. But given the unprecedented pressures across the public sector, we believe that the proposed funding settlement allows us the opportunity to implement substantially our Investment Review proposals. Moreover, we believe that it does demonstrate that the Welsh Assembly Government continues to recognise the vital contribution made by the publicly funded arts to Welsh civic life.

The 12% reduction in our running costs will be challenging. But given the prevailing economic conditions, we accept that we should have to respond, like so many others, to the financial disciplines of the tighter funding environment. We will be looking hard at how we can maintain our developmental functions so that we can continue to develop new opportunities for the arts.

Arts Council funding to revenue funded organisations 2011/12

Our funding to our new portfolio of revenue funded organisations (RFOs) takes a differential approach. In a handful of cases we're reducing our funding and focusing on a specifically defined area of activity that we see as a priority. All of these organisations were made aware of our intentions in June.

However, most of the organisations whose funding we've announced today will see their funding increase, and in some cases significantly so. To achieve this, we've had to make many difficult and at times unpopular choices to create a strategy for the arts that is fit for purpose during a time of economic recession.

We're able, as we go forward, to protect and nurture the essential core of the arts in Wales, making sure that high quality arts activity can continue to develop and grow:

- **We're taking the bold decisions now to ensure that the best of the arts in Wales thrives in the future.**
We're rewarding success and providing our key arts organisations with the financial stability to grow and develop their businesses so that they can deliver more, to a higher standard of quality
- **We're promoting Wales's international reputation for dynamism, creativity and excellence.**
We're supporting a portfolio of national companies who can represent the best of Wales on the world stage – international exemplars of excellence whose work is rooted in Wales. In our future proposals, we're focusing on the different development needs of our two newest national companies, National Theatre



Wales and National Dance Company Wales, both of whom provide an impressive array of activity across Wales

- **We're providing more money to community arts, reaching into local communities**

Some the evidence presented to the Committee implied that we would be reducing our support to community arts. This, I notice, has also been a theme picked up in some of the media who've sought to pitch national against local, as if a sophisticated modern nation doesn't deserve both.

We can provide countless examples, across Wales, of the excellent activity that we're funding in local communities. However, let's concentrate on the funding facts. In our new portfolio, our funding to our national companies increases by 8% – for our community arts organisations the increase is 33%.

So we're placing a real emphasis on our funding to community arts organisations whose activities inspire and engage, delivering transformational community regeneration that makes the arts a more important part of people's everyday lives. A particular priority will be our support for community arts organisations working across the South Wales Valleys, all of whom receive increased funding

We'll also be continuing to our support for our *Night Out* scheme which in 2009/10 promoted nearly 600 high quality companies from around the world in small local venues across Wales (168 of them in Communities First areas). This means a dozen events a week, every week of the year, for local communities.

- **We're making a once in a generation 'step change' in our funding for dance and the visual arts and crafts.**
These have been the *Cinderella* artforms, less well funded than their peers in the performing arts. So significant additional funding will create more opportunities for community and performing dance artists to develop their work. And our award winning network of visual arts and crafts facilities – Mostyn in Llandudno, Ruthin Crafts Centre, Oriel Davies in Newtown and Glynn Vivian Gallery in Swansea – will finally have the means of capitalising on the potential of these fantastic new spaces. They will be able to build



significantly their engagement with our artists and craftspeople, nurturing and developing growing audiences for their activities

- **We've 'refreshed' our RFO portfolio**

For many years some of our best project-funded organisations have sought the recognition and stability that revenue funding can provide – and have shown themselves capable and willing to accept the responsibility that goes with it. Five new organisations – NoFit State Circus, Sinfonia Cymru, Theatr Ffynnon, Independent Ballet Wales and Canolfan Gerdd William Mathias – become RFOs for the first time.

Three of the new companies will have focus on South East Wales. Torfaen based Theatr Ffynnon will be providing activity across the Valleys whilst Sinfonia Cymru and Independent Ballet Wales will be developing residencies at the Riverfront in Newport which will help them to reach audiences and participants in the wider Gwent area.

Canolfan Gerdd William Mathias will be providing important opportunities for talented young musicians across Wales, while NoFit State Circus is having tremendous success in reaching new audiences who wouldn't normally see themselves as arts attenders, and their recent *Parklife* project in Pontardawe saw thousands of people engaged in an innovative community project. This kind of initiative is very important if we're to keep growing audiences for the arts.

Looking beyond our portfolio of revenue funded organisations

A large number of the respondents to the Committee Inquiry have focused solely on our decisions about RFOs. However, I want to stress that this is just one specific aspect of our funding. I'd suggest that a truly accurate reflection of our developmental activities can only be achieved by looking at what the totality of our funding allows us to do.

Our Strategic Development and Lottery funds – which will amount to around £13.5million in 2011/12 – are key in helping us to improve the quality and 'reach' of the arts. These are significant budgets that complement and enhance our revenue funding to organisations.

This second phase of our financial strategy – which will commence in the Spring – will attach particular importance to new and revitalised activities:

- allowing our best festivals to develop programming that is distinctive and compelling
- re-defining our support for arts and young people, putting young people themselves at the heart of the creative process across all aspects of the arts
- investing in the development of dance artists, making it more sustainable for dance artists to nurture and build their careers in Wales
- re-invigorating the profile of public art, testing new approaches to engaging communities through artists residencies and in projects that promote a positive appreciation of the benefits of art in the public realm
- nurturing the music industry more broadly than has previously been associated with the Arts Council
- promoting the wider creative industries as a vibrant contributor to Wales's economic success
- increasing support for theatre production in both languages
- supporting more national touring across the visual, applied and performing arts
- creating a new national organisation, Literature Wales, that will provide a single, unified focus for the development of literary activity

And of course we're aware that if one relied only on our RFOs as the 'pins on the map' of arts provision across Wales, then obvious gaps would be apparent. So we'll be concentrating our attention on under-developed parts of the country – especially Communities First areas – ensuring that they're a priority for future development.

The impact of our Transition programme

We appreciate that for those who'll no longer be revenue funded, the six months since June have been a challenging and, for some, painful period of re-adjustment.

Through our Transition programme, *Making the change*, we've been able to help with practical and financial support. As a result, many organisations have been able to see a new way ahead. Of the 116 organisations who originally applied to us for support, at the time of writing only 2 have said that they will not be able to continue next year.

Examples of some of the immediate assistance that we've been able to provide include:

- **Beaufort Theatre** in Ebbw Vale – assistance towards market research and the development of new areas of programming
- **Borough Theatre** in Abergavenny – development of a 'Friends' scheme, and the purchase of items of equipment to reduce future hire fees (and potentially earn additional income). We're also looking at future programme development
- **Dance Blast** in Abergavenny – we've supported a comprehensive business review that has helped them with Board development, marketing and fundraising. We're supporting a youth dance project and are also aware that Monmouthshire County Council is considering transforming the Melville Theatre in Abergavenny into a new centre for arts and young people. If this happens, it would be an important achievement
- **Llangollen International Music Eisteddfod** – we've funded the Eisteddfod to complete a process of organisational transformation, development of staff, and identifying new areas of income generation. We're looking at an ambitious programme of future development, possibly involving a partnership with the Welsh Assembly Government's Major Events Unit
- **Theatr Powys** – the company asked us to assist them with specialist advice to look at future business models and different ways of providing theatre activity for young people. There are a number of new models now emerging which point to a new approach which will allow Theatr Powys to continue activity in its area, funded by the local authority



In conclusion, I want to reiterate once again that we remain committed to investing in ambition and excellence, and our original written evidence to the Committee attempts to reflect that commitment.

Moving forward, we're supporting high quality work at all scales of activity, national and local, across all parts of the country and in the full diversity of arts disciplines that we support. For too long, too many of Wales's best arts organisations have been clinging on financially by their fingertips, starved of the resources that they needed to fulfil their creative potential.

From the beginning of our Investment Review process, our goal was to reach the end of the process with a portfolio of RFOs who were artistically vibrant, financially durable and with a level of investment that will enable them to thrive. Through a rigorous – and challenging – process of re-appraisal of our priorities, we've been able to achieve that goal. This, we believe, is good for artists and arts organisations and will ensure that audiences across Wales continue to have the opportunity to enjoy and take part in the arts.

*Yours sincerely
Nick Capaldi*

Nick Capaldi
Chief Executive

