



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Cymunedau a Diwylliant  
The Communities and Culture Committee**

**Dydd Mercher, 22 Medi2010  
Wednesday, 22 September 2010**

**Cynnwys**  
**Contents**

- 3 Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introduction, Apologies and Substitutions
- 4 Cynnig Trefniadol  
Procedural Motion
- 4 Ymchwiliad i Hygyrchedd Gweithgareddau Celfyddydol a Diwylliannol yng Nghymru—  
Tystiolaeth gan Gyngor Celfyddydau Cymru  
Inquiry into Accessibility of Arts and Cultural Activities across Wales—Evidence from the  
Arts Council of Wales

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

|                 |                                                           |
|-----------------|-----------------------------------------------------------|
| Mohammad Asghar | Ceidwadwyr Cymreig<br>Welsh Conservatives                 |
| Eleanor Burnham | Democratiaid Rhyddfrydol Cymru<br>Welsh Liberal Democrats |
| Mark Isherwood  | Ceidwadwyr Cymreig<br>Welsh Conservatives                 |
| David Lloyd     | Plaid Cymru<br>The Party of Wales                         |
| Sandy Mewies    | Llafur (Cadeirydd y Pwyllgor)<br>Labour (Committee Chair) |
| Lynne Neagle    | Llafur<br>Labour                                          |
| Joyce Watson    | Llafur<br>Labour                                          |

**Eraill yn bresennol**  
**Others in attendance**

|              |                                                                                     |
|--------------|-------------------------------------------------------------------------------------|
| Nick Capaldi | Prif Weithredwr, Cyngor Celfyddydau Cymru<br>Chief Executive, Arts Council of Wales |
|--------------|-------------------------------------------------------------------------------------|

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

|                |                               |
|----------------|-------------------------------|
| Sarah Bartlett | Dirprwy Glerc<br>Deputy Clerk |
| Tom Jackson    | Clerc<br>Clerk                |

*Dechreuodd y cyfarfod am 8.58 a.m.*  
*The meeting began at 8.58 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introduction, Apologies and Substitutions**

[1] **Sandy Mewies:** I welcome officials and Members to our first meeting of the autumn term. As usual, headsets have been provided for translation and sound amplification. Translation is on channel 1, and amplification is on channel 0. I ask everyone to ensure that they have switched off their mobile phones and any other electronic devices, as these can interfere with the sound equipment. In the event of an emergency, please follow the ushers to the nearest safe exit. I invite Members to make any relevant declarations of interest. I see that there are none.

[2] **David Lloyd:** Chair, I would just make my usual announcement that I am in another committee at the same time.

[3] **Sandy Mewies:** You are flitting back and forth.

[4] **David Lloyd:** Yes.

[5] **Sandy Mewies:** What an amazing man you are. *[Laughter.]*

[6] **Joyce Watson:** Chair, I am a member of two credit unions.

[7] **Sandy Mewies:** Thank you. Also, welcome back, Lynne; it is nice to see you.

[8] I received an apology from Alun Davies yesterday. Also, I express the committee's sympathy to the Deputy Minister for Housing and Regeneration. She will not be here today because of a family bereavement. We shall therefore follow an amended agenda, a copy of which you should all have had. I think that it has been sent to everybody.

9.00 a.m.

### **Cynnig Trefniadol Procedural Motion**

[9] **Sandy Mewies:** I shall now move a motion to exclude the public from the meeting for items 2 to 4 to allow the committee to consider the themes and issues emerging from inquiry into financial inclusion and the impact of financial education, the potential for conducting an inquiry into the private rented housing sector in Wales, and the committee's forward work programme. I move that

*the committee resolves to exclude the public from part of the meeting in accordance with Standing Order Nos. 10.37(vi) and 10.37(ix).*

[10] I see that the committee is in agreement.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Gohiriwyd rhan gyhoeddus y cyfarfod rhwng 9 a.m. a 9.56 a.m.  
The public part of the meeting adjourned between 9 a.m. and 9.56 a.m.*

### **Ymchwiliad i Hygyrchedd Gweithgareddau Celfyddydol a Diwylliannol yng Nghymru—Tystiolaeth gan Gyngor Celfyddydau Cymru Inquiry into Accessibility of Arts and Cultural Activities across Wales—Evidence from the Arts Council of Wales**

[11] **Sandy Mewies:** Before we start, I remind everyone to switch off mobile phones and BlackBerrys because they will affect the broadcasting system. We will take evidence from Mr Nick Capaldi, the chief executive of the Arts Council of Wales. Welcome to you. I am sure that you have been here before, but for you to know how the translation equipment works if you should need it or if you require enhanced sound, it is channel 0 for the enhanced sound and channel 1 for translation.

[12] We have read your paper with great interest—you can assume that Members have read it—so I will move into questions as soon as possible to give Members the chance to ask questions on your paper to start digging at it, if you know what I mean. You may be aware that some committee members are not here, so we have allocated questions to different people. Therefore, forgive me if I trip over now and again and think that one person is someone else.

[13] We will start with a question from me about the 'One Wales' commitments. To what extent has the 'One Wales' commitment that high-quality cultural experiences are available to all people, irrespective of where they live or their background, been achieved, and what further work needs to be done to encourage greater participation among under-represented

groups? I am thinking geographically and about those people who do not find it easy to access events to which many of us have easy access.

[14] **Mr Capaldi:** Overall, there is some very good news to report, and we highlight some of it in our document. We will shortly publish our major survey of the arts in Wales for 2010; it was not available when the committee's terms of reference were put together, but that information will shortly be available and you will be able to study it in detail. However, in spite of the encouraging headlines in that document, I would still view it as very much being a work in progress. On the plus side, 86 per cent of people tell us that they attend or take part in the arts, the highest that that figure has ever been. Attendance is broadly the same across all regions of Wales, and we have seen a particularly large increase in the participation rates among the less affluent. So, in marketing terms, participation in arts activity has doubled among socio-economic groups C, D and E since our last survey.

10.00 a.m.

[15] We have also seen that attendance is broadly the same, whether you are male or female, Welsh or English speaking and, interestingly—and this was a surprise—whether or not you are from a black and minority ethnic community. Attendance levels in that community are comparable with the rest, but they tend to be interested in different art forms. They are particularly interested in circus and community arts, and carnival activity is very popular in that community.

[16] Have we done enough? No. There is always more that we should and could do. Access across art forms and across the country is very patchy. It is one thing to say that you have attended an arts event two or three times, but if that was only a music concert or a theatre performance, that hardly represents wide-ranging and diverse access to the arts. One of the examples frequently used is that, if you are living in the Valleys, you potentially have access to a number of performing arts venues but that, if you are looking for a high-quality exhibition space in the visual arts and crafts publicly funded by the arts council, there is really only one, which is Llantarnam Grange Arts Centre in Torfaen.

[17] We have to look particularly carefully at the range and diversity of the arts that people have access to. Within our survey, we looked at the spread of access to the arts throughout all 22 local authorities. There are increases across the board in participation in all 22 local authority areas and attendance levels are also up in all but three local authority areas. Again, surprisingly, those three local authority areas are Anglesey, Gwynedd and Conwy. So, we are doing some more work to try to understand why that is the case. It could be because, over the past five years or so, we have seen the closure of Theatr Gwynedd and have been waiting for Galeri to come on-stream, and that Venue Cymru and Oriel Mostyn have gone through periods of refurbishment. However, we were surprised by that. As I said, attendance across all three regions is broadly the same, but the highest is in mid and west Wales.

[18] **Joyce Watson:** You have talked about the increase in participation in the arts at length; what do you think is the reason for that increase? Do you think it is policy-driven or are there other drivers, such as demographic change or changes to people's work-life balance? How would you apportion the change, or do you think it is something else again?

[19] **Mr Capaldi:** I think it is a combination of those things. We have certainly worked very hard to try to put more of a premium on participation in particular—that is, people being actively involved in making and creating art as opposed to just being consumers of an activity as members of an audience. What we have seen is that arts activity, and particularly what I call the very intensive community arts activity that we have done in some of the most disadvantaged parts of Wales, has had an extraordinary result in enabling individuals and communities to find a voice and feel more engaged. Access to facilities is important. The arts

can and do happen anywhere, regardless of buildings, but it is amazing the impact that a good-quality, fit-for-purpose facility can make to a locality by encouraging people to take part. It gives the whole area a boost, particularly if the community feels that the facility is owned by and relevant to them.

[20] **Joyce Watson:** Are the increased attendance levels in Wales comparable with other parts of the UK or Europe, or are they higher?

[21] **Mr Capaldi:** There is a Department for Culture, Media and Sport survey, which is undertaken across England, and we are analysing the detail of that. It does not use exactly the same methodology as ours, but our initial feeling is that levels of participation, in particular, and indeed of attendance, compare very well. We can hold our heads up high in Wales when it comes to people engaging very enthusiastically in the arts.

[22] **Joyce Watson:** That is good. I will talk about barriers because you make reference to the type of barriers that obstruct people's access to the arts. Could you explain what barriers you think obstruct people and how you and partner organisations, such as local authorities, tackle those?

[23] **Mr Capaldi:** When we undertook the detailed interviews for our survey, the first two things that people said were barriers to engagement with the arts were the cost and time. However, interestingly, once you pursued it further, by and large, there are some very affordable opportunities out there for people to engage in the arts. For example, access to museums and galleries is free, so clearly cost is not an issue, but time might be. When we continued with the interviews, we found that a large proportion of people felt that, in some way or another, the arts were not for them and would not be of interest or relevance to them. So, we have tried to invest a lot of time and energy in finding new, unusual and innovative ways to present the arts in local communities by using festivals, for example, where there is much more of an encouraging ambience in which to enjoy such events. Furthermore, much of the work that we have done on community projects has shown that they are incredible vehicles for people to see neighbours, friends and members of the family engaged in arts activity—they think that if it is something that a neighbour or friend would enjoy and get something out of, then perhaps they would as well.

[24] When I talk to contemporaries of my teenaged children about what they spend their money on and what they go and see, my children's generation will quite happily spend £80 or £90 on tickets to a large rock concert at one of the large arenas. So, they know very precisely in their own minds the value that they attach to these experiences and somehow we have to do more to convince the wider population of the value of attending and enjoying arts events. I remember from my own performing days the number of times that people would come up to me after a concert and say that they were not going to go out that night and were just going to spend the evening in front of the television because they were tired and exhausted after work, but that they were really glad that they had gone out. I am not saying that that had anything to do with my playing; I suspect that it was more to do with the fact that they enjoyed that communal feeling of coming together and being together as a community and of experiencing something collectively.

[25] **Sandy Mewies:** Before I bring Mark in, we have a lot of questions to cover, so could you focus, in the first instance, on the answers because we have a lot of questions to go through and I would like to get through them all if possible.

[26] **Mark Isherwood:** You cite educational qualifications as the biggest factor relating to arts attendance and participation; why is that the case? How could that be addressed? You partly addressed that in your answer to Joyce. Is it a case of education being a driver, and is that formal education or the opportunity to participate in arts activities while at school, or is it,

as you indicated to Joyce, more about making participation more inviting?

10.10 a.m.

[27] **Mr Capaldi:** In so many other aspects of life, the better and more broadly educated you are, the more able you are to take part in the opportunities that civic life offers you. The arts, in our experience, are no different in that those with the deepest and broadest educations are more likely to have been exposed to a wide range of different experiences both in and out of school. Also, in a very prosaic and mundane way, often people with high levels of qualification tend to end up in better remunerated jobs and to a certain extent they have more disposable income with which to enjoy a wider range of activity. One can endlessly speculate as to why that is, but the result is there very clearly in the survey; the higher the level of education, the more likely you are to attend.

[28] **Eleanor Burnham:** Yr ydych yn tynnu sylw at y modd y gallwch gefnogi, drwy arian a dargedir, ystod ac ansawdd gweithgarwch na fyddent, fel arall, wedi cael eu gweld y tu hwnt i'r brifddinas yng Nghaerdydd. A yw'r gweithgarwch hwnnw mewn perygl yn sgîl yr adolygiad buddsoddi? Yr ydych hefyd yn tynnu sylw at y canfyddiad bod darpariaeth dda yn y de—ac yr ydych eisoes wedi sôn am y gogledd, sef fy rhanbarth i—ond bod y realiti'n fwy cymhleth o ystyried ehangder a dwysedd y boblogaeth. A allwch ymhelaethu ar y cymhlethdod hwnnw a dweud rhywbeth am y gogledd?

**Eleanor Burnham:** You highlight the way in which you can support, through targeted funding, a range and quality of activity that would otherwise not have been seen outside the capital in Cardiff. Is that activity at risk due to the investment review? You also highlight the perception that south Wales — and you have already mentioned north Wales, which is my region—is well served with arts provision, but that the reality is more complex, given the spread and the density of population. Could you expand on this complexity and tell us a little more about north Wales?

[29] **Mr Capaldi:** As far as the investment review is concerned, I know that it represents a level of potential risk for future funding of the arts, which cuts across the board, and it is fair to say that we are concerned about its potential implications. In terms of geographical spread and the perceptions that are referred to in the paper, I think that it becomes difficult when access to, or provision of, the arts is simply equated with levels of funding. If we look at the annual revenue funding that we currently give, we spend £6.5 million in the south, £4 million in mid and west Wales, and £3.6 million in the north, so the cash amounts are vastly different. However, if one looks at that on a per-capita basis, then it is just under £4.50 in the south, just over £4.50 in mid and west Wales, and £5.30 in the north. When people look at spending in the arts, those headline figures can be deceptive. There are also peculiarities and difficulties with regard to transport, which cuts both ways. If you did not know the geography of Wales and you looked at south Wales, and particularly the south Wales Valleys, many of these centres of population are very close as the crow flies. However, we know how difficult it is to get around those areas. Similarly, when I talk to people living and working in north Wales, the problems around the distance that people have to travel are no less acute. They are good travellers, but it depends on their ability to have access to transport. Whether I am in north, west or south Wales, I am struck that, quite often, half an hour or quarter of an hour before the end of a performance, you see an exodus of people. This is because the last train is about leave to wherever they are going back to. That is a real problem.

[30] **Eleanor Burnham:** Are you working with the local authorities to try to organise this? I know that Clwyd Theatr Cymru has a bus scheme around the area.

[31] **Mr Capaldi:** Yes, it does, and a number of arts organisations have similar schemes, which are very effective in getting people along, and it is one of the issues that we are looking

at.

[32] **Sandy Mewies:** Moving on, you will know that major concerns have been raised regarding lottery funding being diverted away from Wales because of the Olympic Games. I think that Alun Ffred Jones, the Minister for Heritage, has said that this could lead to the loss of £100 million from Wales. How important has the capital investment in the arts infrastructure been in increasing access and participation, and what are the current and future implications of funds being diverted to the Olympic Games?

[33] **Mr Capaldi:** The capital programme has been hugely significant in Wales, in that the £50 million or more that we have invested has seen one of the largest public-sector building programmes across Wales that we have seen for some time. This has created some magnificent facilities, which are very good for the arts in their own right, but are also architecturally distinctive and interesting. Galeri, on the Victoria Docks in Caernarfon, helped to lead the regeneration of the area in which it is located. Local communities take pride in feeling that somebody is investing in their area and that they are not being written off. The refurbishment of the Soar chapel in Penygraig for Valleys Kids has had a huge impact on how arts and culture are perceived in that particular locality, because it shows that we are interested and are investing, and that we are creating fit-for-purpose venues that people can enjoy and in which they can take part in the arts.

[34] The decrease in lottery funds has been a significant problem, because it has meant that in order to protect and defend investment in activities—which we have, rightly, identified as the highest priority—we have had to curtail our capital building programme. There are a number of projects that we would have liked to have proceeded with, but we have been unable to do so. If the UK Government delivers on the commitments that it has been making lately, lottery funding to the arts in Wales will increase, in that the Olympic levy that we are currently being asked to pay will cease. We are also funding a number of projects as part of the cultural Olympiad, which will also cease around 2012. There are also proposals to return funds to the original good causes; our share of lottery income is currently 0.8033 per cent of the take, and that will go up to 1 per cent. That small difference will be quite significant. So, we are hoping that we will be able to open our lottery capital programme, because there are a number of existing priorities, which include both large-scale signature projects and very important small local projects, that we need to get to grips with.

[35] **Eleanor Burnham:** Yr ydych yn cyfeirio at lythyr cylch gwaith Llywodraeth Cymru 2009-10; y nod a ddatganwyd yn y llythyr hwn oedd bod rhaid creu sector celfyddydol bywiog a deinamig sy'n fwy abl i gynnig gweithgareddau celfyddydol o'r radd flaenaf i gynulleidfaoedd ac i gyfranogwyr ledled Cymru. Mae'r llythyr cylch gwaith yn cyfeirio at gelfyddydau o ansawdd uchel, ond nid yw'n cyfeirio at gynyddu cyfranogiad a mynediad. A oes gormod o bwyslais ar gelfyddyd elit yng nghyfeiriad presennol y polisi, ynteu a ydych yn fodlon bod sylw digonol wedi ei roi i fynediad a chyfranogiad yn yr adolygiad? Rhaid i mi ddweud fy mod i wedi mwynhau mynd i wrando ar Llŷr Williams yn y Stiwt yn ddiweddar, sy'n dangos bod lle fel hwnnw yn gallu bod yn fywiog, er bod angen tipyn o arian i'w gynnal.

**Eleanor Burnham:** You refer to the Welsh Government's remit letter for 2009-10; the stated aim was to secure a vibrant and dynamic arts sector that is better able to bring the highest quality arts activities to audiences and participants across Wales. The remit letter refers to high-quality arts, but not to increasing participation and access. Is too much emphasis placed on elite arts in the current policy, or are you satisfied that access and participation have been adequately addressed in the review? I must say that I enjoyed listening to Llŷr Williams at the Stiwt recently, which demonstrates that a place like that can be vibrant, although they are looking for some investment to maintain it.



10.20 a.m.

[36] **Mr Capaldi:** Yes, indeed, the mapping Wales project that Live Music Now is doing by travelling to some of these out-of-the-way places has been successful. I can assure you that, in the conversations that we have had with the Minister, he is very clear that access to the arts across Wales is as important as ensuring that the quality of what we are supporting is as high as it can be. We welcome that, because it is absolutely the stance that we would take. It would be wrong, and it would be patronising, to assume that the most important thing is just to get a pin on a map to show that something is happening. We have a duty to ensure that it is of the highest quality, so for us, the two go hand in hand. There are plenty of examples that we can point to of activity that is large and small, local and international, community or professional, which is of outstanding quality, and that is the work that we are seeking through an investment review. A number of quite small local organisations are doing extraordinary work and we hope that the investment review will provide a platform for them to enhance and develop that.

[37] **Mohammad Asghar:** You have already mentioned in an earlier statement that different groups have different profiles of activities. For example, BME groups are more likely to attend a carnival than a street art, folk, traditional and world music, literary or contemporary dance event. What assessment have you made in respect of this investment review programme, and the possible implications of the investment review on access and participation for different groups across Wales?

[38] **Mr Capaldi:** At key stages throughout the investment review process, we conducted a series of equality impact assessments to see what the impact would be on a range of different communities, of which BME was one. The reason that we did that was to try to identify where perhaps we were not doing enough, or where there was an issue, and what that process revealed was that we were not addressing to our satisfaction the developmental needs of artists and audiences within the BME community. Very few of our regularly funded organisations are from the BME community, and some of our most interesting artists within those communities are struggling to get their work seen. What we are therefore proposing is placing a greater priority on investing in those artists, and trying to encourage venues and promoters to build partnerships with local artists. The work is there, and it is good work, but we are not seeing organisations take the breadth of vision, and perhaps, on occasion, take a risk with something that they are not familiar with, in respect of promotion and programming. What we are hoping to do is create funds that will act as an incentive and enable us to invest directly in creative individuals so that they can make, create and show their work.

[39] **Lynne Neagle:** Good morning. There was an opportunity to talk yesterday about the investment review, which is my main area of concern. You said in one of your earlier statements that the Minister had told you that access was as important as quality in how you take forward your work, yet, as you know, we will have a situation where theatre in education will not be available to certain parts of Wales—Gwent, Powys and others. How do you justify trying to meet these access criteria with the complete removal of provision from key parts of Wales?

[40] **Mr Capaldi:** There are a number of facets. The first is that it is not necessarily the case that that activity will disappear from those areas—except that it will be much more difficult to do that if we are saying that we will fund fewer companies. I can assure you that we will be doing everything that we can to encourage those organisations to find alternative ways, albeit on a changed basis, of operating in those areas. The challenge that we faced with the investment review was the stark choice between spreading thinly the funds available to us or concentrating them on a smaller number of organisations. The consultation that we undertook and our study convinced us that concentrating on the very best was the better

strategy to pursue. That was the conclusion that the council came to, which has meant that we have had to fund fewer organisations. When we looked at the theatre in education sector as a whole, we had very bold ambitions to try to provide a universality of provision across Wales in that sector. From the outset we were unable to do that, because the resources were not there, and the impact has fallen away year on year. The council felt that an engagement between arts and young people that was somehow predicated on a single art form, with occasional visits to some but not all schools across the country, was not the best strategy to pursue, under the circumstances.

[41] **Lynne Neagle:** If certain communities are not going to have access to certain types of provision at a time of restricted public funding, it is important that everyone understands how those decisions are made and that those decisions are made in a transparent and accountable way. I know that we had the opportunity to discuss this yesterday but, for the record, I thought that it might be helpful if you could explain to the committee how you make those choices between groups in different parts of Wales and how you ensure that that is as open, transparent and accountable as possible.

[42] **Mr Capaldi:** We have a wide network of independent advisers who see and report on work. Our officers and the council see and attend arts events, and so are familiar with the range of activities that we support. We also talk to local authority arts officers to get their view on what is happening in the arts in Wales. We monitor independent reports and newspaper reviews on activity. All this information is brought together to inform our judgment of who is producing and developing the most interesting, engaging and compelling work. All that wide range of information fed into the investment review process, along with the detailed plans of the organisations themselves. We had the opportunity to look back at the performance, over a period of many years, of the 116 organisations that made a submission, to look at what the plans were saying about ambitions and intentions for the future, and to make judgments on that basis.

[43] **Sandy Mewies:** You have highlighted the 32 revenue-funded organisations that are not in the portfolio following the investment review, and I am sure that you will be aware that that has caused concern among sections of the performing arts. For example, brass bands are extremely concerned and I have been contacted, as have other Members, about what will happen to them. You are suggesting that you may be able to point them towards other funding sources or other ways of carrying out what they do, and there has been talk of the transition programme and enhanced investment. Will your organisation be in a position to give any support to organisations that are worried about what will happen to them, and perhaps channel them in another direction? That would not necessarily be another funding source, but another model for doing what they do.

10.30 a.m.

[44] **Mr Capaldi:** I would like to differentiate between the 32 organisations for which we have said the funding arrangement will change and those organisations that, for some reason, have assumed that their funding is at risk when in no way are we saying that it is. The brass bands and male voice choirs—and we have had a lot of letters from them—fall into the latter category. We are not saying that we are going to cut that area of activity. What we have been saying is that we want to look at ways of making more efficient the organisation that we give funding to, Tŷ Cerdd, which re-grants that money to organisations. I have had conversations with the director and I am convinced that there are perfectly good ways of doing that that would not have an adverse impact on this sector. So, I can be clear that we have absolutely no plans to do anything that will see funding cut to those important local music-making groups.

[45] Moving on to the situation for the 32 organisations, they fall into different categories: for example, six are festivals, and we intend to launch a new festivals fund. We are quite

excited about the possibilities and opportunities that we will be able to open up with multi-year funding through the lottery of festivals and eisteddfodau that need to plan on a longer term basis. So, although we are ending one type of funding for those organisations, which is revenue funding—which in many ways is quite restrictive and channelled—we are creating greater flexibility.

[46] With regard to the remainder of the 32 organisations, we have said that, in all cases, we want to help them, if we can, to make the transition to a new way of working and that that funding can happen in two ways. The first is through a transition fund that we have set up that organisations are applying to use in a range of interesting and imaginative ways. Sometimes, it is as basic as getting business advice. In other instances, it is about capital investment in the building to make it a better, more enterprising place. In other instances, people want to invest in marketing and a better online presence. In addition, through the lottery, we have the ability to fund activity into the future.

[47] It is more difficult where our revenue funding has been large to be able to say that there is an obvious and easy way to find alternative or replacement funding. However, we have been successful in drawing down funds from other sources, including Europe, which is now funding a range of activity—particularly in Communities First areas—that our organisations are benefiting from. To date, we have met all 32 organisations whose funding arrangements are going to change. Only one of those organisations has formally said to us that it will have to close as a result. Many of the others are actively discussing with us alternative ways to deliver their activities, albeit on a changed or smaller scale basis. I might live to regret saying this, but my instinct is that, in a year's time, we will see a significant proportion of those 32 organisations still providing arts activity across Wales.

[48] **Sandy Mewies:** I do not often ask many supplementary questions, but I have just one more. You may not have the answer, but what, if any, are the implications of the decision of the Faenol festival? A great deal of funding was allocated to that festival, so what are the implications of what is happening with it? You may not be able to answer that, and that is fair enough.

[49] **Mr Capaldi:** The obvious implication is that a significant number of people who might have gone to the Faenol festival obviously will not. So, that is an attendance issue. It is a different type of audience from the one that goes to normal provision in that area. However, I think that the public voted with its feet by not buying tickets in sufficient numbers. The example of Faenol is very interesting, with the benefit of hindsight, with regard to the need for us and the Welsh Assembly Government to be absolutely clear about future funding strategies and announcements in particular. People knew for months that we would be announcing this decision on the Faenol. The decision was made initially to provide £250,000-worth of funding to the Faenol, and people jumped to the immediate conclusion that we were taking from one to give to the other, which introduced an element of anger in some quarters that we could probably have done without if we had been more co-ordinated.

[50] **Eleanor Burnham:** That is exactly the point that I made when I challenged the Deputy First Minister. May I also ask briefly—

[51] **Sandy Mewies:** I rarely ask supplementary questions; you were asking them. So, I am going to move on, and if we have time at the end I will ensure that you get to ask your question.

[52] **Joyce Watson:** I would like to ask about the risks you face due to the fact that the Welsh Government is facing a tough budgetary settlement, which you also talked about. What would be the consequences of further cuts to your investment proposals? Are you calling for the arts sector to be spared the cuts that the Welsh Government will need to make to somehow

balance its budget across all portfolio areas?

[53] **Mr Capaldi:** That is a very good question. We are trying to strike the right balance between avoiding shroud waving, which would mean saying, ‘The whole world is going to end if you don’t give us the funding that we need’, and, we hope, an evidence-based, sober assessment of the value generated by comparatively small amounts of money invested in the arts. When you look at issues to do with engagement, economic renewal, the creative industries, and all the things that the Welsh Assembly Government says are its priorities, you will see that the arts are ideal to deliver them.

[54] What we have come up with in the investment review has been intensely painful and difficult, particularly for those organisations that see their funding lost as a result. The feedback that I received from the majority of people has been, ‘Well, we agreed with you and we said from the outset not to spread it too thinly and to concentrate those resources to ensure that the organisations that are left are adequately and properly funded’. However, if even that is taken away, and if we have to face the prospect of further cuts, then we will lose the support of the arts sector that has gone with us. The arts will suffer because we are talking about taking out nearly a third of our funded portfolio in order to give the rest a chance. I believe that further cuts would open up an unsustainable level of risk with regard to maintaining access across the country. Our instinct is that we have probably gone as far as we can and still be able to maintain momentum around quality and access; if we go further, we will be in very difficult territory.

[55] **Mark Isherwood:** You set out a number of proposals for action. Are there any on which this committee can have influence that you would like us to take forward as recommendations in our inquiry, and are there any additional proposals that you would also like to consider?

[56] **Mr Capaldi:** The one that is budget neutral, which would have a huge impact, is around year-end flexibility and the ability to be able to offer three-year funding. We are currently on an annual year-by-year cycle, and if circumstances change and we were unable to offer all the funds by the end of the year, then we have to surrender those back to the Welsh Assembly Government.

10.40 a.m.

[57] The way that the large-scale performing arts work, you need security over time to be able to plan. Three-year funding provides that. The ability to have some flexibility in carrying over funds is also important, as with any business. If you do not need to spend the money on 31 March, but you know that you will have to spend it on 5 April because of timing issues, then the automatic guillotine is a real problem. It does not cost any more money, in that whatever the budget allocation is it is, but year-end flexibility and three-year funding would be very important.

[58] On the lottery and, to be fair, I think the Department for Heritage is across this, but the committee could perhaps add strength to it, the UK Government is doing some things around the lottery, particularly the disaggregation of lottery funding responsibilities for UK bodies—I am thinking about the UK Film Council and the Heritage Lottery Fund. In the past, I have seen where UK disaggregation has happened that it tends to be England-focused and the devolved nations get forgotten about or are an afterthought. Wales benefits from funding from those UK bodies and it is very important that it continues to do so.

[59] We have touched on arts and education and arts for young people, and you raised the issue. We feel that this is an important issue. We are not satisfied that we can deliver a coherent service around arts and education and arts for young people and we would welcome

the opportunity to sit down with interested parties, within and outside the Welsh Assembly Government, to have a detailed look at this in order to set a new framework going forward.

[60] I have two final points. We have not spoken about local authorities, which are incredibly important investors in the arts—

[61] **Sandy Mewies:** You can make your final point, but we had other questions to ask you and one of them was on local authorities. Eleanor, would you submit your question to the clerk? We will submit all these extra questions to the clerk and, if you do not mind, could you take the trouble to answer them in writing, Mr Capaldi? The question on local authorities will be among those. What is your final point?

[62] **Mr Capaldi:** My final point, and we touched on it when we discussed the Faenol announcement, is that we need to be aware across Governments of where all the arts spending is. From our point of view, it is entirely a matter for the Welsh Assembly Government where it spends money on the arts. We are aware of quite a lot of it in partnerships with the Department for Children, Education, Lifelong Learning and Skills and with the Health and Social Services Department, but I think that it would help with co-ordination and would help us to be able to partner more effectively with the Welsh Assembly Government if we had a complete view of where that funding is going.

[63] **Sandy Mewies:** Thank you very much for contributing today; it has been extremely interesting. I am quite sure that we could have gone on for hours, but, unfortunately, we have to move on. We have other questions that Members would like to see the answers to. Eleanor, could you give the clerk that additional supplementary question? If you do not mind responding to those questions, Mr Capaldi, that would be very kind of you because we are at the start of an inquiry and there are some complex issues that we have to consider. We will send you a copy of the transcript of your evidence, which you can check for inaccuracies. I also thank Members for their attendance and their patience today, given all the changes that have been made. When do we meet again, Tom?

[64] **Mr Jackson:** We meet again on 6 October.

[65] **Sandy Mewies:** That brings the meeting to a close.

*Daeth y cyfarfod i ben am 10.44 a.m.  
The meeting ended at 10.44 a.m.*