



Cyngor Celfyddydau Cymru  
Arts Council of Wales

19 October 2010

Sandy Mewies AM  
Chair  
Communities and Culture Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
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*Yer Sandy Mewies,*  
Communities and Culture Committee Inquiry

Thank you for your letter of 15 October. We're grateful for the opportunity to provide your Committee with additional information it is seeking.

The integrity and transparency of the Investment Review process

We understand that organisations who were unsuccessful in their funding submissions will feel that they must question the integrity and transparency of our processes. However, we'd suggest that just because assertions are vigorously and repeatedly voiced, it doesn't mean that they're correct.

Throughout the Investment Review process, Council Members have stated that they're content to be held to account for their decisions. However, they would ask in return that their actions are referred to in a fair, accurate and even-handed fashion. We're therefore grateful for your acknowledgement that other witnesses – and many of the written responses – present a very different view of the Investment Review process.

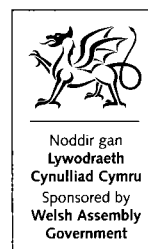
For example, the Welsh Local Government Association [CC(3) AC 66] – a respected, independent body – states:

"The WLGA acknowledges that the investment review was a difficult process for the Arts Council to undertake. We feel that it was well-managed, with constant communication throughout the process and a clear rationale provided for the decisions made. Unfortunately the Arts Council of Wales had to make a number of difficult strategic decisions and prioritise resources at a time when there is less funding available."

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We also note the written evidence from Prof Elan Clos Stephens. Prof Stephens is an individual of significant stature and reputation in Welsh public life. She also chaired a major government-initiated review of the Arts Council of Wales in 2006 – *The Wales Arts (Stephens) Review*.

<http://wales.gov.uk/depc/publications/cultureandsport/arts/artsreview/reporte.pdf?lang=en>

In Prof Stephens' written evidence to the Committee [CC (30) AC 59 – translation] she observes:

“I would like to congratulate Arts Council of Wales on the thoroughness of their work whilst reviewing Welsh companies and organisations currently receiving revenue funding. I believe this is the first time that the work has been carried out in such a detailed and transparent way.”

Of course, it could be argued that even the statements above are matters of opinion. So we offer a few 'facts' about our process:

- we consulted upon – and published – all key documents, from the Terms of Reference at the beginning of the Review, to Council's decision paper *Renewal and transformation*. We have received widespread praise for the unprecedented level of detail provided to explain Council's decisions.

In its editorial on 5 July 2010, the UK ArtsProfessional magazine wrote:

“Funding bodies might want to take note of the way the Arts Council of Wales has conducted its investment review. This has been a thorough process, which for the first time so far as I am aware, has shown a UK funding body lay out a bold and defined strategy and then measured organisations' work and value against it.”

- the process was (successfully) 'audited' on three separate occasions throughout the process by our (independent) internal auditors, RSM Tenon
- the process was further 'tested' through the Appeals process following challenges to Council's decisions from four organisations. Our Appeals process is not a cursory review of procedure – it is a substantive examination that goes right to the heart of our decision-making procedures.

There were three Grounds for Appeal:

1. We did not follow the published procedures
2. We misunderstood a significant part of the submission
3. We did not take notice of relevant information



Appeals were scrutinised by an Independent Complaints Reviewer and an Appeals Panel. Both confirmed that the Investment Review process had been managed properly. All four Appeals were rejected on all three grounds

- our decision-making body, Council, is independently appointed by the Minister for Heritage. It comprises individuals of integrity and standing in public life who have a specific responsibility to ensure proper management of the Arts Council's business. It is inconceivable that they would have accepted a flawed or poorly delivered process
- officials of the Welsh Assembly Government's Heritage Department attend all Council meetings to monitor the effectiveness and accountability of the Council's work

We're sorry to labour this point to such an extent. However, the integrity of the process is fundamental to its outcome and to the reputation of Council itself. It has been disappointing to see the checks and balances that we put in place so casually dismissed. We feel that it would be reasonable for us to argue that a process that has been subject to such a high degree of independent scrutiny, by such a range of different scrutineers, and with such a unanimously clean bill of health, could legitimately claim to be fit for purpose.

#### Were the decision-making criteria clear?

We're surprised that Spectacle Theatre seems unaware of the criteria on which Council based its decisions.

The criteria are clearly and explicitly set out in our document, *Strive to Excel* (a copy of which is attached). This was published in September 2009.

In the Introduction to *Strive to Excel* (page 4) we said:

"For 2009 and 2010, however, this framework takes on a particular importance. Over the coming year we're taking a detailed and critical look at the funds we invest each year in our key organisations – what we're calling our *Investment Review*...

... As a benchmark, *Strive to Excel* will underpin our decision making process, so we'd expect organisations' business plans to take appropriate account of the issues we're keen to address."



In our Planning Guidance document (page 3) we explained how we would be developing the criteria set out in *Strive to Excel*.

<http://www.artswales.org/what-we-do/funding/investment-review/key-documents>

We said:

“The most important indicator of performance is the quality of your activities. During 2009 we’re also introducing a new Quality Framework for the Arts in Wales, called *Strive to Excel*. This framework explains how we judge the success of the organisations that we fund. This document is currently under consultation. When published in its final form, it will provide an important checklist of the key criteria that will inform our future funding decisions.”

Finally, there is our guidance note on Assessment and Decision Making.

<http://www.artswales.org/what-we-do/funding/investment-review/key-documents>

On page 5 we said:

“A key indicator of performance is the quality of your activities to date, and your ambitions for the future. This is why our Quality Framework for the Arts in Wales, *Strive to Excel*, is so important. This framework explains how we judge the success of the organisations that we fund.”

On the basis of the written advice that we published, we cannot accept that a reasonable observer could agree with Spectacle Theatre’s assertion that the criteria were unclear.

#### The Investment Review criteria

The criteria set out in *Strive to Excel* are organised under four headings:

- The Creation of Art
- Public Engagement
- The Arts Economy and Growth
- Governance, Management and Finance

Under each of these four headings, there is explanatory text followed by a detailed table setting out ‘Characteristics’ and ‘Indicators of Success’.

These are not repeated in this letter, but can be seen in full in the attached document.



### Gathering evidence

The following evidence was used to inform our decision-making:

- Business Plans
- Annual Review Meeting Report 2009, including each RFO's self-assessment
- attendances at performances and events
- Quality Monitoring reports and the views of our Advisers
- last 3 years of audited accounts (2006/07 to 2008/09 inclusive)
- the views of funding partners
- RFO Annual Survey for 2008/09
- any other documents that are in the public domain (for example annual reports held by Companies House and the Charity Commission)

An important factor in our decision-making process was the professional expertise and knowledge of Council and its officers. Both Spectacle and Gwent Theatre have questioned our competence in this area. We understand why they might seek to do so.

In *Strive to Excel* we note:

"Quality is an elusive and contested concept. The arts change and develop, and so too does the consensus of what is 'good' or of quality."

Each year Council and its officers see many hundreds of hours of theatre from around the world. This represents a body of knowledge and expertise that few other organisations in Wales can match. We believe that Council's discussion of the quality of the activity that it funds is robust and informed.

### Our position regarding Theatre in Education (TiE)

The reason for the move away from our original attempt to fund the universal provision of TiE across all schools in Wales is set out in Council's decision paper, *Renewal and transformation*. That rationale is not repeated here.

We would, however, emphasise that affordability had to be a key consideration, alongside quality, for Council given the prevailing economic situation. Attempts to fund universal access to TiE in all other parts of the United Kingdom were abandoned many years ago. And whilst we might congratulate ourselves for pursuing a distinctive and unique strategy for Wales, this only holds water if that strategy can be successfully delivered.



At present, the Arts Council provides over 81% of the £2.5m public funding to TiE companies in Wales, compared to 19% from the country's local authorities. Even if local government could have matched the level of investment currently provided by the Arts Council, we would still fall short of the sustainable package of funding identified as necessary years ago. And since it's clear that local government won't be able to find an additional £2m plus, this makes a different approach inevitable.

In our view, that different approach depends on new ways of nurturing the creativity of our young people – in and out of school – across a wider range of arts disciplines. Until now, the currently funded eight TiE companies have effectively carved up Wales between them. We believe that there would be benefits in encouraging a freer 'market', with a wider range of arts organisations (many of whom do excellent educational work) encouraged to work more widely across Wales. We accept the risk that areas previously served by companies such as Spectacle and Gwent Theatre could see a reduction in activity in the short term, which is why these areas will be a priority for future development.

The five theatre companies that will continue to receive revenue funding will have a clear role to play in any future approach. However, the particular attraction of these companies is that we believe that they also have the potential and flexibility to fulfil a wider role in providing high quality theatre to a broader audience.

The last ten years has seen a shift in attitudes across Europe towards professional theatre for children and young people. The success of plays such as *War Horse*, *His Dark Materials* and *For the Best* – the latter being given the 2009 Theatrical Management Association Theatre Award for best show for children and young people – have demonstrated that such success is not just commercial. It can also generate significant media and public interest in theatre for children, young people and families.

Closer to home, National Theatre Wales' recent production in a Bridgend nightclub of *Love Steals us from Loneliness* provided a vivid example of work with a visceral relevance to audiences from young teenagers to adults. However, for this to work to thrive, we need to identify the companies capable of fulfilling that role and to provide the level of investment that can achieve the production values that would make this work consistent with theatre for adults.



In reaching our Investment Review decisions, we considered which of the currently funded companies were most likely to fulfil this role. We were looking for a number of qualities: breadth of vision, the quality of previous and planned production partnerships, cross-artform collaborations, and an imaginative understanding of the potential of new technology. In short, we were looking for an approach to the development of new work in the future that broke new ground, and would be relevant, innovative and compelling. All of these characteristics can be drawn from *Strive to Excel*.

As the WLGA has noted in its written evidence to the Committee, the decision not to provide direct revenue funding to some organisations was less a reflection on the quality of existing provision, but rather the result of strategic prioritisation. Nowhere have we said that the three unsuccessful TiE companies are 'bad' or are repeatedly performing poorly. However, we do believe that amongst the eight companies, some are more successful than others at consistently attaining the highest standards.

In our judgement – and it is a matter of judgement – we are confident in our belief that the five organisations selected offer the best prospects of success in the future. We understand that Spectacle and Gwent Theatre do not accept our judgement, but it remains our view.

#### A new 'manifesto' for arts and young people

As we've begun developing a new approach we've looked with particular interest at developments in Scotland and mainland Europe.

Across Europe, there's little disagreement amongst policy-makers that the access of young people to culture – in and out of formal education – is an essential condition for their full participation in society. Where young people are directly involved as creative individuals this can reinforce an awareness of sharing a common cultural heritage and promote active citizenship. Involvement in cultural activities can allow young people to express their creative energy and contribute to their personal development and their feeling of belonging to a community.

In Scotland, the Government's recently published Action Plan for Education and the Arts, Culture and Creativity is jointly signed by the three Ministers for Culture, Education and Skills. This Action Plan is directed at developing the role and impact of creativity within and across the curriculum.



The Action Plan is structured around four workstreams:

1. Develop a vision for, and understanding of, the importance of developing creative skills in children and young people and the application of creative learning and teaching
2. Build capacity, skills and expertise of learning providers and creative professionals to support creative learning and teaching
3. Share information and good practice, including applications of creative teaching
4. Develop a strategic approach to pathways for the enthusiastic and talented across lifelong learning and into positive and sustained destinations beyond school

The Action Plan is 'driven' by the Scottish Government, Learning and Teaching Scotland, and Creative Scotland (with advice and assistance from the Education Inspectorate, the Scottish Qualifications Authority and Skills Development Scotland). Creative Scotland is the responsible for leading on the delivery of 1 and 4 above.

Whilst accepting that any strategy for Wales has to be relevant and applicable to Wales, we believe that there's much to commend the overall approach adopted by the Scottish Government. Initial conversations have been held with colleagues in the Assembly Government, and we'll be working up our proposals and publishing them for consultation over the Autumn.

If you have any further queries, or you'd like more information about an aspect of the above, please don't hesitate to contact me.

*Yours sincerely*  
*Nick Capaldi*

Nick Capaldi  
Chief Executive/Prif Weithredwr





# "Strive to excel..."

## A Quality Framework for the arts in Wales



Arts Council of Wales  
September 2009

Sean Tuan John - Creative Wales Award 2009 (photo: Roy Campbell Moore)



## Arts Council of Wales

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Arts Council of Wales is committed to making information available in large print, braille and on audiotape and will endeavour to provide information in languages other than Welsh or English on request.



## Our vision, priorities and values ...

<b>vision</b>	A creative Wales where the arts are central to the life of the nation			
<b>mission</b>	We are the lead body for the arts in Wales			
	Supporting the creation of high quality art	Encouraging more people to enjoy and take part in the arts	Growing the arts economy	Developing the effectiveness and efficiency of our business
	Arts Council of Wales is the country's funding and development agency for the arts			
<b>values</b>	expert	creative	open	
	effective	collaborative	accountable	

### We want Wales to be a country where ...

- arts and culture are central to our identity as a nation, making people want to visit us and know us
- artists of quality and imagination live and work
- the arts are at the heart of its community and economic revival, making them a factor in all local and national planning
- the arts are more widely available, with the broadest range of people enjoying and taking part in the arts
- artists of distinction and ambition enhance the country's cultural reputation

## Introduction

### Quality matters

We want to support the best arts that we can, and to encourage as many people as possible to enjoy and take part in creative activity. We want to see the people of Wales inspired by arts that are vibrant, compelling and engaging – arts that reach out and touch us; arts that ignite our imagination and creativity; arts that challenge us to search for a better understanding of our being and the world around us.

These are bold ambitions. And we firmly believe in the power of the arts to transform people's lives, and be an agent for change in communities. Our vision is of a creative Wales where the arts are central to the life of the nation.

We're passionate about the arts. But we're also the stewards of public funds. We need to feel confident that the money entrusted to us by the taxpayer, and routed to us by the Welsh Assembly Government, delivers the best and most cost effective outcomes that we can achieve. Our Council is equally committed to improving and simplifying its processes, being transparent and accountable, and working on developing the ways it relates to arts organisations and stakeholders.

Different organisations, in different stages of development, will relate in different ways to the themes set out here. Promoting a consistent approach to quality and improvement isn't the same as saying that everything has to be done in an identical fashion. We're interested to see how organisations find their individual way of doing things, especially where a skilful or deft approach can be shared and spread. We're responsive too, to organisations with a clarity of vision and purpose that translates into ways of working that are right for them.

Achieving the performance suggested by this framework in turn helps in advocating for the arts and their place in Welsh society and the basis for resourcing them. The framework is conceived with organisations that are directly delivering the arts in mind. But its approach is adaptable to support organisations that have a facilitating role.

It's in the nature of framework documents that some issues appear to be given prominence in some places, but not others. An important example of this is our interest in promoting equality. If we're convinced of the value of the arts, it follows that those benefits should be as widely available as possible. We know, however, that some people feel excluded from the arts, that somehow the arts are "not for them". A generous, tolerant, fair minded society is one that embraces difference – whether in race, gender, sexuality or disability – and a strong, confident arts organisation will ensure that the principles of equity and inclusion inform all aspects of its work.

## Arts Council priorities

*Strive to Excel* places the emphasis firmly on the creation of art – its power and the impact that it has. *Strive to Excel* is organised under the same headings as the priorities in our Corporate and Regional Plans:

The Creation of Art  
Public Engagement  
The Arts Economy and Growth  
Governance, Management and Finance

## Making judgements, providing the evidence

*Strive to Excel* is a framework that helps us – and the organisations that we fund – to think about and discuss the quality of their work. If we say we want to support the best, then we need to explain how we will judge this.

*Strive to Excel* is intended to offer a single, consistent template for monitoring and assessment. However, we hope it has sufficient flexibility that it isn't seen as a "one size fits all" approach. We try and explain the range of characteristics that we consider when looking at how well an organisation is succeeding. It's the yardstick that we apply to all of the organisations we fund, large and small, international and more local – but it's a yardstick that's finely calibrated and capable of measuring the important distinctions where they exist. After all, the characteristics described in *Strive to Excel* will be realised in different ways according to an organisation's size and level of resources.

This framework is a key part of the renewed relationship that we want to develop between ourselves and each of the organisations that we support. We want to be clearer about our expectations, and to encourage arts organisations to strive to be the best that they can. We are also encouraging organisations to undertake new approaches to self-assessment which in turn can relate to the good practice set out in *Strive to Excel*.

## Making choices

There is a growing number of arts organisations that want to develop their work in Wales. This is enormously exciting. But it does mean that we face increasingly difficult decisions about how we allocate the funds at our disposal. That's fine – it's the challenge, and duty, that the public expects us to assume. However, the organisations that we fund need to understand the choices that we make and the criteria that shape and inform the funding decisions that our Council takes.

## How will we use *Strive to Excel*?

Quality is an elusive and contested concept. The arts change and develop, and so too does the consensus of what is 'good' or of quality. *Strive to Excel* is not, then, a static or fixed document. We'll review it, develop it and refine it over time, working closely with the organisations that we support.

For 2009 and 2010, however, this framework takes on a particular importance. Over the coming year we're taking a detailed and critical look at the funds we invest each year in our key organisations – what we're calling our *Investment Review*.

Our task through the *Investment Review* is to agree during 2010 a 'portfolio' of revenue-funded organisations that will be at the heart of the Arts Council's future strategy to develop the arts in Wales. Our aim is to reach the end of this process with a portfolio of RFOs who are artistically vibrant, financially durable, organisationally sound and with a level of investment that will enable them to thrive, not merely to survive.

As a benchmark, *Strive to Excel* will underpin our decision making process, so we'd expect organisations' business plans to take appropriate account of the issues that we're keen to address. Our Investment Review takes place during one of the most challenging times in recent memory for the publicly funded arts. *Strive to Excel* provides a compass to navigate such times.

Fulfilling the characteristics set out in this framework isn't itself a guarantee of funding, but an organisation is unlikely to present a persuasive case for investment unless it can provide credible evidence that it is measuring itself against the majority of quality characteristics that we're looking for. In our view, if an organisation is achieving excellence in its artistic activity, it's more than likely that all aspects of its operation will be being delivered to a similarly high standard.

# 1. The Creation of Art

“... We take delight in virtuosity, we admire personal expression and novelty, we enjoy intellectual challenges that give pleasure in being mastered, and we benefit immeasurably from the sense of communion and intimacy these experiences bring us. This is art: then, now and always.”

(Brian Morton reviewing *The Art Instinct* by Denis Dutton, OUP 2009)

The creation of art is fundamental to our work. The success of our mission depends on the vision and creativity of our artists and arts organisations.

Each organisation that we fund delivers its work in its own, individual manner. However, at the heart of every organisation is the creative spark, that obsession that drives artistic mission and vision. We're keen to understand better how organisations formulate, shape and realise their artistic ambitions. We're also interested to look at how organisations engage with their public, and how this affects the creative choices that they make.

The successful creation of art depends on artistic leadership, a vision that transcends the ordinary or the commonplace, the confidence to take risks and reach for dimensions of expression that lie beyond the reach of most of us. But risk and ambition has to be managed. In our opinion, a confident and effective arts organisation will embrace the honest and rigorous self assessment of its work. It will actively elicit feedback and critical review, and use this intelligence to shape and inform future activity. It will build challenging and innovative creative partnerships and networks, and be a leader amongst its peers.

Activity	Characteristics	Indicators of success
<p>Artistic vision and leadership</p>	<p>Organisation has a strong, thought through artistic vision which it communicates clearly internally and externally</p> <p>Clear relationship between policy and its enactment</p> <p>Open, self aware and self critical</p>	<p>Business Plan articulates a clear and compelling artistic vision</p> <p>Artistic policy is regularly and actively debated by the Board</p> <p>Artistic mission is understood and 'owned' throughout the organisation</p> <p>Artistic vision is nurtured and developed – there are imaginative strategies in place for key personnel to refresh and develop their knowledge and skills</p> <p>Board is able to present an articulate explanation of how policy is translated into activity – able to explain how programming choices are made</p> <p>Organisation seeks real involvement with artists in its thinking and practice</p> <p>Processes are in place to monitor, assess and review work</p> <p>Open to, and keen to receive, different types of feedback</p> <p>Learns from successes and from activity which works less well</p> <p>Regular reports and assessments of artistic activity presented to the Board</p>



Activity	Characteristics	Indicators of success
Artistic programme	<p>Exciting, compelling and high quality programme of activity</p> <p>Innovative and imaginative approaches to creating work and programming</p>	<p>Positive responses from audiences, participants and customers</p> <p>Activity which exceeds the expectations of audiences, participants or customers</p> <p>Positive reports from Arts Council officers, advisers and peers</p> <p>Critical acclaim</p> <p>Original processes for making or devising work</p> <p>Well-founded, imaginative and reasoned approaches to developing programmes</p>
Technical Attainment	Activity is executed to a high quality standard	<p>The use of appropriately skilled artists, designers, makers and managers</p> <p>Evidence of work that has been thoughtfully conceived, prepared, produced or presented/exhibited</p>
Equalities	Committed to ensuring that programme and activities accessible to the widest possible audience. Equality of opportunity and inclusion are actively promoted	<p>Commitment to equality reflected in the policies and practices of the organisation</p> <p>Organisation can point to specific examples of work that has successfully rolled back boundaries to inclusion</p> <p>Organisation has informed understanding of – and is acting on – current legislation</p>

Activity	Characteristics	Indicators of success
<p>Reputation</p>	<p>Strong market for the organisation's work</p> <p>Peer acknowledgement of the quality of the work</p> <p>Partnerships within and beyond Wales</p>	<p>Evidence of the work or experience of the company being sought after</p> <p>Awards and prizes</p> <p>Local, national and international partnerships</p> <p>Invitations to participate in national and international arenas</p>
<p>Welsh language</p>	<p>Progressive and forward looking commitment to promoting the Welsh Assembly Government's commitment to a bi-lingual Wales</p>	<p>A clear statement of policy relating to the use and promotion of Welsh language activity</p>

## 2. Public Engagement

“People’s access to the arts as consumers, participants and producers is the key to their ability to participate autonomously in democratic society... What participation in the arts, and only participation in the arts, can do is to widen the range of people who engage with, question, challenge and re-imagine and revive our cultural life”

(Francois Matarasso: Art for Our Sake, 2005)

High quality artistic work is not created in a vacuum. We want as many people as possible to experience and enjoy the arts. We want to increase participation and attendance across the arts as a whole, and also in the organisations we fund.

We adopt the broadest possible definition of cultural diversity, reflecting the cultural reality of life in Wales today. We expect the organisations that we fund to involve the widest possible range of people in their activities.

Through early childhood to young adulthood and beyond, we believe that everyone should be able to engage with the highest quality of arts and creative experience. This will be affected by how an organisation markets and communicates its work, how it develops and delivers participatory activities, how it develops its ‘reach’ – opening up the experience of art in creating interest and deepening people’s engagement.

We place a particular premium on how organisations interact with those coming new to art or those who, for whatever reason – social, economic, physical – are, or have been, traditionally excluded from the arts.

Activity	Characteristics	Indicators of success
<p>Awareness and understanding of audience, participants or customers</p>	<p>Audience data and knowledge is regularly used to inform overall planning and development</p>	<p>Evidence of use of reports and analysis</p> <p>Commissioned research</p> <p>Audience/participant/customer surveys and feedback</p> <p>Board discussion of target audiences and how to reach them</p>
<p>Engaging audiences, participants or customers</p>	<p>Specific audience/participation development objectives</p> <p>Clearly articulated policies that explain how artistic programming develops target audiences/ encourages participation/serves customers with practices to match</p>	<p>Audience/Participation development strategy delivered</p> <p>Targets or indicators that are either met or exceeded</p> <p>High-rating audience/customer surveys</p> <p>The range of activities undertaken by the organisation to further engagement</p>
<p>Inclusion</p>	<p>Organisation has progressive and active strategies to encourage equality of opportunities</p>	<p>Evidence that new and more diverse audiences are being reached</p>

Activity	Characteristics	Indicators of success
<p>Measuring Impact</p>	<p>Organisation develops ways of gauging the impact of its work over short, medium and longer term.</p> <p>Organisation uses measuring models</p>	<p>Evidence that the organisation’s future planning is informed by such findings</p>
<p>Education and lifelong learning</p>	<p>Clear programmes of work that promote learning, training and the development of skills</p>	<p>Strong demand for educational, training and development activities</p> <p>Appropriately skilled programme leaders</p> <p>Partnerships with specialist providers, including schools, colleges and universities</p>
<p>Marketing</p>	<p>Clear strategies are in place to market, promote and develop the organisation’s activities</p>	<p>Marketing issues discussed at the Board, with target markets/groups identified</p> <p>Clear marketing plans in place and resourced sufficiently (staff and budgets)</p> <p>Processes in place for monitoring and review</p>

Activity	Characteristics	Indicators of success
Public relations	Strategies in place to develop relationships with partners and stakeholders	Stakeholders and partners actively engaged
Communications	The organisation is constantly developing its engagement with the public through the use of an appropriate range of communication tools	Communications strategy in place  Imaginative and innovative use of information communication technology
Contributing to a Bi-lingual Wales	Company has a language policy	Specific communications activities are undertaken and monitored

### 3. The Arts Economy and Growth

“Investment in culture is precisely that. It should not be confused with the sort of subsidy often handed out in the past to ailing commercial enterprises as ‘corporate welfare’. The cultural sector is not a failing sector like banks or the automotive industry. While it will always require a call on public revenue, its returns are sustainable, long term and consistent.”

(Simon Mundy: Culture – a Tool for Reversing Recession, 2009)

The arts are important in their own right. But we also know that the creative and cultural industries are a vital engine for Wales’ economy. They contribute directly in terms of jobs and the generation of wealth through the creation, distribution and retail of goods and services.

Some parts of the cultural sector form significant visitor attractions, generating demand for transport, accommodation, catering and other tourism-related business. But they also help put Wales on the international map. The arts don’t just define the image of Wales; they are big business in their own right.

Arts expertise is busy adding value in a variety of social and economic contexts: promoting health and well-being, adding value in education and learning, offering arts based training for other sectors, being a cornerstone of social and physical regeneration and prompting inward investment. Such activity has a clear economic benefit.

The world we inhabit is changing, and changing fast. The challenges of environmental climate change, of intercultural dialogue, of the questioning of material values, of economic migration, are all phenomena of our times which will have need of the arts to be understood or acted upon.

The dominant global companies of the past used to be concerned with industry and manufacturing. The key corporations of the future will be increasingly in the fields of communications, information, entertainment, science and technology. These require high degrees of creative imagination and entrepreneurial vision – qualities that arts and culture are ideally placed to nurture and promote.

Activity	Characteristics	Indicators of success
Income generation	<p>Public investment helps 'lever' additional income from other sources</p> <p>Organisation has an entrepreneurial approach to generating income</p> <p>Collaborates with others to extend the life of existing 'products' and services, or to create new ones</p>	<p>Low ratio of subsidy to earned income</p> <p>Organisation secures income from business sponsors, trusts and foundations</p> <p>Organisation capitalises on all appropriate opportunities to exploit commercial income</p> <p>Co-commissioning, co-production, touring</p> <p>Develops shared services and joint activities</p>
Employment	<p>Organisation is committed to developing new employment opportunities</p> <p>Organisation is committed to appropriate remuneration, terms and conditions</p> <p>Organisation is committed to training and developing its staff</p>	<p>Increased employment</p> <p>Clear and progressive employment policies</p> <p>Organisation has a developmental plan for its staff</p> <p>Organisation has attained Investors in People accreditation</p>



Activity	Characteristics	Indicators of success
Contribution to the local economy	The organisation's activities have positive impact on local businesses	Evidence based research demonstrating positive economic impact
Working through the arts to develop opportunities in other contexts	Organisation understands how its work can have relevance in a range of different economic, cultural and social settings	Evidence of high quality activity in areas such as arts and young people, arts and health, creative industries

## 4. Governance, Management and Finance

“Artistic visions of organisations are unlikely to be achieved in the absence of strong management and good governance... The demands made on arts organisations and their governing bodies continue to grow, as does public scrutiny.

The highest standards are now expected from those who voluntarily makes themselves available and responsible for the stewardship of public funds.”

(Care, Diligence and Skill: Scottish Arts Council)

It’s very important that arts organisations that receive public funding perform well. Arts organisations come in all shapes and sizes, from charities that are limited by guarantee, to operational units functioning within other organisations such as universities, or a local authority department. This framework will therefore need to be interpreted accordingly.

Critical to the success and resilience of any organisation is a strong, engaged and diligent Board that includes a range of representative expertise. At its best, the Board will set the strategic direction of the company, support and challenge the executive staff in the delivery of the company’s goals, and monitor financial and artistic performance.

Central to the Board’s success will be its business plan. It should communicate clear and achievable objectives, and help the organisation and its stakeholders to understand how it will manage its business. The business plan should contain the key information about the organisation. There needs to be a necessary focus on financial matters, but the plan should also explain how the organisation manages risk and how it supports and develops the skills and competencies of its staff.

Whilst Board structure most clearly relates to independent organisations, we’re conscious that other governance structures will often apply within a local authority or University. In the context of this framework, organisations working in such an environment need to reflect how their governance is determined and how it strategically relates to and uses its “Management Board”.

Activity	Characteristics	Indicators of success
Board	<p>Active and engaged Board</p> <p>Clear and transparent processes for the recruitment and development of the Board</p> <p>Board have induction and regular updates related to induction</p>	<p>Composition of the Board is commensurate to the task</p> <p>Board takes appropriate professional advice where necessary</p> <p>Clear terms of reference for the Board and any sub committees</p> <p>Recruitment informed by regular analysis of skills needed</p> <p>Established Board training and development programme</p>
Planning	<p>Board is actively involved in debating and developing the future direction of the organisation</p> <p>Board has a clear understanding of its risk 'appetite'</p>	<p>A Business Plan that's regularly monitored, reviewed and updated</p> <p>Organisation has a risk register that is regularly reviewed and updated</p>
Financial control	<p>Board has a firm grasp of the organisation's financial performance</p>	<p>Organisation produces budgets, management accounts, cash flow forecasts</p> <p>Board acts promptly to address unforeseen circumstances</p>

Activity	Characteristics	Indicators of success
Procurement	<p>Organisation has a strong commitment to achieving value for money efficiencies</p> <p>The company contracts work within appropriate, agreed frameworks and to industry standards</p>	<p>Achieves 'economy of scale' and efficiency savings</p> <p>Organisation recognised as an exemplar</p>
Management and staffing	<p>Organisation has open and equitable recruitment practices</p> <p>Organisation has progressive employment policies</p> <p>The organisation has job planning and appraisal processes</p> <p>Organisational handbook is compiled</p>	<p>Strong recruitment and retention of staff</p> <p>Comprehensive Staff Handbook</p> <p>Staff have opportunities for training and development</p> <p>Provide development plan</p>

Activity	Characteristics	Indicators of success
Compliance	<p>Organisation understands and fulfils its statutory reporting obligations, and is compliant with all relevant legislation and where appropriate all charity regulations</p> <p>Equal opportunities</p>	<p>Annual accounts and statutory returns are filed in a timely fashion</p> <p>Organisation has progressive policies</p>
Relationships with stakeholders	<p>Organisation meets regularly with funders and stakeholders</p>	<p>Provision of good quality information</p> <p>Attendance at Board meetings and events</p>

## Further information

Compliance with all relevant legislation and charities regulations (where relevant) is expected. In particular, the obligations placed on directors by the various Companies Acts and Insolvency Acts, and on Trustees by the Trustees Act, must be adhered to.

### Useful links:

Companies House	<a href="http://www.companieshouse.gov.uk">www.companieshouse.gov.uk</a>
Charity Commission	<a href="http://www.charitycommission.gov.uk">www.charitycommission.gov.uk</a>
Governance and leadership	<a href="http://www.ncvo-vol.org.uk/governanceandleadership">www.ncvo-vol.org.uk/governanceandleadership</a>