

## **Written Response by the Welsh Government to the report of the Culture, Welsh Language & Communications Committee on *'Building Resilience: Inquiry into Non-public Funding of the Arts'***

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I welcome this report, not least because it acknowledges the difficult financial challenges facing the arts sector, due to the pressures on government budgets and recent falls in income from the National Lottery.

The report also recognises that in order to meet those challenges, the sector has to pursue a range of other sources of financial support, and also increase its commercial, self-generated income.

As well as the recommendations on increasing support from business, giving, and other forms of fundraising, I also welcome the Committee's focus on international work, and on how the arts and creative sectors can be supported to develop new markets overseas which have potential economic benefit. This is consistent with the emphasis in 'Prosperity for All' on ensuring that Wales:

*'remains outward-looking and fully engaged on the European and global stage, fostering new relationships for trade and investment, and promoting the best of our nation world-wide'.*

**The Welsh Government's detailed responses to the report's recommendations are set out below:**

### ***Recommendation 1***

*The Committee recommends that the Welsh Government should continue to provide financial support, whether through Arts and Business Cymru or otherwise, to promote and develop partnership working between business and the arts to help maximise financial support for the arts from business. The Welsh Government should also consider how the specific difficulties faced by the arts sector in Wales in attracting funding from businesses can be addressed, and whether additional public investment in this area is needed to drive this work forward.*

**Response: Accept.** The Welsh Government channels the majority of its investment for the arts through the Arts Council of Wales. In my annual Remit Letter, I set out the key priorities the Council should take into account when apportioning that money. For the current year, the priorities include the need for the Arts Council to (i) 'continue to develop its tailored advice services, to help its clients to improve their business and marketing skills', and (ii) 'to continue its work to increase funding from external sources to reduce the arts sector's reliance on public subsidy'.

In this way, the Welsh Government is ensuring that funding to promote partnership working between business and the arts, and financial support for the arts from business, is being provided. Currently, some of this support is provided on the Arts Council's behalf by Arts and Business Cymru, under a

two-year package, due to end on 31 March 2019 (other elements include ACW's 'Resilience' programme). In the coming months, the Arts Council will be reviewing the support service it needs to provide, and whether it is best to procure these, or to continue to obtain them through grant aid. I know that Arts and Business Cymru will be submitting a detailed case for why it is well placed to continue to deliver this service.

Whilst the specification and the delivery mechanism are matters for the Arts Council to decide, I will be stressing to the Arts Council the need for it to continue to resource this activity, given that the pressures on public funding are likely to continue for the foreseeable future. I will be asking the Arts Council to clarify how it intends to provide this service from April 2019 onwards, by 1 October this year at the latest.

I will expect the Council to ensure that there is appropriate scrutiny of the available options and that value for money is a key criterion. I will be particularly keen to see options for extending current initiatives rather than merely repeating traditional approaches.

## **Recommendation 2**

*The Committee recommends that the Welsh Government introduces further initiatives to raise the profile of the arts as a charitable cause, including a St David's Day award to recognise those who have made significant contributions in support of the arts.*

**Response: Accept in principle.** I strongly support the aim of raising the profile of the arts as a charitable cause. However there is already a St David Culture Award. Ministers could find it hard to justify a new award specifically for giving to the arts, when there are so many other good causes we could encourage people to support. Within my own portfolio for example, I'd also be keen to encourage more giving to support youth and disability sport. Similarly, for other Ministers, there are causes like preventing homelessness, protecting the environment, or changing people's attitudes towards mental illness.

In the spirit of this recommendation, I intend to consult Arts and Business Cymru (A&BC) about ways in which the Welsh Government might support and enhance A&BC's annual Award\* for charitable giving to the arts. These Awards attract a senior audience drawn from across Wales and beyond, many of whom are high net worth individuals.

*(\* the Robert Maskrey Award for Arts Philanthropy)*

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 3**

*The Committee recommends that the Welsh Government takes action to increase awareness of, and investment in, the excellent arts organisations and projects based in Wales, by UK-based trusts and foundations.*

**Response: Accept.** I agree that there is a continuing need to address this problem, and the Welsh Government will do so in several ways.

Firstly I will be asking the Arts Council and Arts and Business Cymru to work together to arrange a programme of regional visits and seminars for leading UK Trusts and Foundations, to enable them to see more of the range and quality of work being undertaken by our arts sector at a local level, and to develop a better understanding of the challenges it faces.

Secondly, I will be writing to the leading UK Trusts and Foundations to ask them to engage in this programme, and to request their support in addressing this recommendation, and also recommendation 4.

Thirdly, I will invite organisations referenced in the report, such as National Theatre Wales and WCVA, that have expertise in how to develop successful applications to Trusts and Foundations, to share their experience and advice more widely with the arts sector.

Lastly, I note the Committee's suggestion that the Welsh Government should consider how it can work with the Community Foundation in Wales (CFiW), given its expertise in harnessing philanthropy, and in managing an endowment fund. In view of this I will meet with CFiW, to explore ways it might assist the arts sector on these issues.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

#### **Recommendation 4**

*The Committee recommends that UK based trusts and foundations should address as a matter of urgency the balance of funding within the UK, where a disproportionate and inequitable amount of funding is awarded to organisations based in London and the south east of England.*

**Response:** This recommendation is directed at the UK based trusts and foundations, but I will ask the Arts Council to monitor the level of funding that arts organisations are succeeding in attracting from charitable Trusts and Foundations, and to keep me informed of progress.

#### **Recommendation 5**

*The Committee recommends that the Welsh Government should commission research in order to identify and exploit international markets that have growth potential for Welsh arts organisations.*

**Response: Accept in principle.** I agree that a more planned, informed approach needs to be taken to helping the culture sector to grow international markets. As I state in my response to recommendation 7, I will be asking the Arts Council to work with my officials, colleagues across Welsh Government, the British Council and others, to draw up a joint action plan to address the

issue of how to support the sector to exploit international markets. Part of this work will involve identifying and agreeing the countries and sub-sectors which offer the best growth opportunities; whilst budgets are tight, I will consider any proposals for research, should this be required.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

### **Recommendation 6**

*The Committee recommends that the Welsh Government should ensure that each trade mission has a cultural component unless there are clear reasons otherwise.*

**Accept** The Welsh Government agrees that a cultural component can bring added benefits to a trade mission, such as increased publicity in market. Cultural organisations, and individual artists seeking to win business overseas, are able to join trade missions in the same way as companies in other sectors, and increasing numbers are doing so.

Overseas trade missions and exhibitions play a pivotal role in helping businesses in Wales to increase their exports. Our annual programme includes multi-sector and sector specific activity, and reflects both demand from Welsh companies and priority markets and sectors for Wales. Recent examples such as the visit to Shanghai and Hong Kong in March 2018 that was timed to coincide with a scheduled performance by the Welsh National Opera, demonstrate how scheduling a trade mission alongside cultural performances in an overseas market can add value to the trade mission.

However it may not always be appropriate for a cultural component to form part of a trade mission, or to include a cultural event in the schedule. Cultural activities do not always coincide or fit with the most appropriate time in the calendar for companies to maximise the economic benefits of being in a particular market.

Where appropriate, the Welsh Government will include a cultural component if there are clear synergies with the economic benefits for Wales and Welsh exporters. In future, we will consult with our cultural sponsored bodies, through an annual forward planning meeting, on the feasibility and benefits of including a cultural component within the missions in our annual programme. We will provide periodic updates on any new / additional trade missions that may be added to the programme.

**Financial Implications:** None at present. It is anticipated that additional costs in 2018/19 will be drawn from existing programme budgets.

### **Recommendation 7**

*The Committee recommends that the Welsh Government should consider implementing a clear strategy to assist Wales' arts sector to grow international markets.*

**Accept in principle:** *'Prosperity for All'* already sets out the government's strategic aims, so I see no need for a separate Welsh Government strategy on this issue. The national strategy commits us to 'promoting and protecting Wales' place in the world', by ensuring that it 'remains outward-looking and fully engaged on the European and global stage, fostering new relationships for trade and investment, and promoting the best of our nation world-wide. In addition, the Cabinet Secretary's Economic Action Plan makes clear that we will promote Wales by deploying our cultural offer to promote Wales' economic and commercial interests overseas, and to help build our image.

However, as stated in my response to recommendation 5, a more planned, joined-up approach is needed to ensure the cultural sector is able to contribute to our international aspirations. I will be asking the Arts Council to work with my officials across the Welsh Government and with umbrella organisations to consider how we can make a greater impact internationally working with cultural and other organisations in recognition that the "whole is far greater than the sum of it's parts". The overall aim will be to maximise international opportunities and leverage economic impact.

**Financial Implications:** budgets for elements of this activity are already available, for example financial support for cultural organisations to participate in trade missions, and funding to support implementation of the Wales-China MoU on cultural collaboration. There is also a range of free advice available from organisations like Wales Arts International, the British Council, overseas Business Councils, and the Welsh Government's International Trade team. Any additional funds needed to facilitate the action plan will be considered as part of the budget round for 2019/20.

### **Recommendation 8**

*The Committee recommends that the Welsh Government should provide a source of fundraising expertise to help small arts organisations increase their non-public fundraising in an analogous fashion to the support it currently provides for small businesses through Business Wales.*

**Response: Accept in principle.** As this recommendation recognises, the Welsh Government provides a range of generic advice services through Business Wales, augmented by more tailored help for social businesses through our contract with the Wales Co-operative Centre ('Social Business Wales'). These services are very much geared to small and medium sized enterprises, so *are* available and relevant to smaller arts organisations. Business Wales / Social Business Wales can assist smaller arts bodies with aspects of their work to increase their self-generated income, for example with marketing to improve sales of tickets and other retail items, exploitation of their Intellectual Property, etc.

Other fundraising skills are more specialist, such as work to increase levels of giving, be it from philanthropy, legacies, 'friends' schemes or crowd funding. For these, the main sources of support for small arts organisations are Arts and Business Cymru's training programme, its Arts Council funded *Creative Internships* fundraiser initiative, and the Arts Council's *Resilience* programme. The evidence suggests that all these programmes are being well received, are actively addressing the skills deficit in fundraising, and are enabling smaller organisations to acquire more expertise.

I recognise however that it is harder for a small arts organisation to afford to employ a specialist fundraiser, and to attract donors. Therefore, I will ask the Arts Council to look sympathetically at extending its *Resilience* programme to organisations that it does not core fund (most of which are small), and to encourage Arts and Business to promote options by which smaller organisations might share the services and expertise of a professional fundraiser.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

#### **Recommendation 9**

*The Committee recommends that given the difficult financial climate facing arts organisations in Wales and subject to an impact assessment of the work carried out so far the Arts Council considers whether the Resilience Programme can be expanded to help improve the financial resilience of non-revenue funded orgs.*

**Response:** This recommendation is directed at the Arts Council, so is for it to respond to. However I as indicated in my response to recommendation 8, I will ask the Arts Council to look sympathetically at this proposal.

#### **Recommendation 10**

*The Committee recommends that the Welsh Government sets out clearly its aims for Creative Wales along with a timeframe for its establishment and how the new body will help arts organisations increase their non-public income.*

**Response: Accept in principle.** Detailed discussions on the final form and remit of Creative Wales are continuing. The Welsh Government will clarify these matters at the earliest opportunity.

**Financial Implications:** There will be costs associated with establishing Creative Wales, and these will be fully set out within its initial Business Plan.

**Lord Elis-Thomas AM**  
**Minister for Culture, Tourism and Sport**