



Llywodraeth Cymru
Welsh Government

Ken Skates AC / AM
Y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth
Deputy Minister for Culture, Sport and Tourism

Our ref: MA - P/KS/0261/16

Professor Dai Smith
Chair
Arts Council of Wales
Bute Place
Cardiff
CF10 5AL

18 March 2016

Dear Dai

ARTS COUNCIL OF WALES REMIT LETTER 2016/17

This letter sets out the strategic priorities for the Welsh Government's funding of the Arts Council of Wales (ACW) for 2016/17. Firstly however, can I commend you on another year of accomplishment in 2015/16. Once again, your funded artists and organisations have presented a range of excellent output. I also applaud the thorough and open way in which you carried out the recent Investment Review. Other substantial achievements included the launch of the Lead Creative Schools scheme and the regional Arts and Education Networks, the completion of the Pontio Centre, and the securing of British Dance Edition, to be hosted in Cardiff and Newport this March.

In addition to your core work as set out in your Charter, my priorities for the year ahead are set out below. Confirmation of our grant-in-aid for the year is at Annex 1. In terms of increased pressure on resources you should:

- make it a priority to ensure excellent value for money in all that the ACW does
- continue to work with Welsh Government to ensure that no duplication of work or resources occurs between us
- work to deliver Welsh Government priorities as outlined below with the Grant In Aid you receive, and ensure your Operational Plan KPIs work to deliver these priorities.
- ensure The KPIs in your Operational Plan and the budgets in that plan reflect not only the priorities set out by this letter but also value for money, sustainability and clearly defined outputs of delivery
- ensure all of your revenue funded organisations (RFOs) are working to limit their running costs, to ensure that the maximum amount is available for artistic activity

I would ask that all of the above be reflected in your draft Operational Plan for 2016/17, which I would like to receive as soon as possible, in order for me to approve the relevant goals, targets and performance indicators within the plan.

Priorities

1. The Well-being of Future Generations Act

The Well-being of Future Generations (Wales) Act seeks to improve the social, economic, environmental and cultural well-being of Wales. It is a key piece of legislation for the Welsh Government and requires the public bodies listed in the Act to think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.

The Act includes a well-being duty which requires the Arts Council and other bodies subject to the duties in the Act to set well-being objectives which maximise their contribution to achieving the goals and to take all reasonable steps to achieve those objectives

The Act also sets out the sustainable development principle, which says that public bodies must act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. To help us put that into practice, the Act sets out five 'ways of working', and I would ask you to ensure that you adopt these.

As one of the public bodies subject to the duties in the Act, I expect the Arts Council to adopt a progressive and forward-thinking approach in the articulation and delivery of your programmes of activity. In your Operational Plan for 2016/17 you must:

- a) set and publish objectives ("well-being objectives") that are designed to maximise your contribution to meeting the well-being goals
- b) take all reasonable steps, in exercising your functions, to meet those objectives
- c) apply the sustainable development principle and the ways of working to everything that you do.

I will expect your implementation of the Act and how you are working with others towards the goals to be a focus in regular sponsorship discussions.

2. Being creatively active

Encouraging active participation in the arts will go a long way in enabling the Government to meet its Well-being objectives. I know that you share this belief, and I would like you to work with us in helping to meet my personal vision of making Wales the most creatively active nation in Europe.

Through the activities of your revenue funded organisations (RFOs), and projects specifically developed for this purpose, I would like to see more people throughout Wales who are actively producing and delivering arts, culture and creativity. I am especially keen to encourage the active participation of children and young people, and I hope that implementation of the Arts and Creative Learning Plan increases the number of young people in Wales benefitting from a creative education.

I am also keen that the publicly funded arts tackle the barriers to participation, particularly when those barriers combine lack of opportunity with financial disadvantage. It is surely right that all of Wales' citizens should be able to benefit from activity funded by the taxpayer, and I would expect this to be a discernible theme of your plans for 2016/17.

3. Education and Skills

I very much endorse the ambitions of your jointly funded initiative with the Minister for Education, Creative Learning through the Arts. The requirements for this aspect of your work are covered by a separate grant funding agreement with our Education colleagues. However, I wanted to recognise here the significance of this work and its importance within your overall programme of work for 2016/17.

I would also like you to work closely with the Regional Skills Partnerships ensure that the Arts sector is effectively considered in regional employment and skills plans. These plans will inform the prioritisation of regional skills delivery.

4. Tackling poverty

Tackling poverty should be a vital part of your engagement work. I am grateful for the positive response of the Arts Council in developing the 'Fusion: Tackling Poverty through Culture' programme. I will be looking for evidence during the year that this work is grafting on and taking root within a more mainstream approach to reducing the 'participation gap'. Through the Pioneer Areas, we now have a model for collaborative working with the Communities First programme to enable cultural bodies to support our most disadvantaged communities in direct and powerful ways. I would welcome the continued involvement of your RFOs in this innovative programme.

As part of this activity, I would also like you and the RFOs that you fund to work with us on the 'Enhanced Employer Engagement' and 'Activate Your Potential' programmes to help reduce the number of people who are 'NEET', to tackle poverty, and to increase active participation rates across the arts sector.

As a named body in the Children and Families (Wales) Measure 2010, you are under a statutory duty to publish objectives and actions for tackling child poverty. Mainstreaming work which focusses on improving outcomes for low income families will help inform these objectives and ensure the duty is met.

5. Sustainability and maximising the return on investment

The new RFO portfolio: I am pleased to see that the recent Investment Review has received a largely positive response. I look forward to seeing the new portfolio working with energy and distinction across the wide range of Welsh Government policy.

Given the significant amount of funding invested in RFOs, it will be important for you to ensure that those in new portfolio are able to show that their public funding has the greatest possible impact in contributing to key Welsh Government priorities including jobs and growth, tackling poverty, tourism, education, health and sustainability.

The funding context: The Welsh Government fully supports the need to preserve a stable core of public funding for the arts, even in times of economic austerity. I appreciate that it will be a challenge for you and your RFOs to manage with reduced budgets.

Nevertheless, reducing organisations' dependency on public funding has to be a sensible and pragmatic response to current public funding pressures. This should be a specific objective in your plans for next year.

Fundraising and income generation: We would expect all RFOs to be able to articulate a convincing approach to fundraising and income generation. We know that some RFOs are already achieving notable success, either in their fundraising efforts or in the extent to which they are reducing the level of their dependency on Arts Council funding. Now is not the moment, however, to relax these efforts.

We would ask you to ensure that each of your RFOs develops an appropriate strategy for levering in additional resources. Depending on the size, type and location of the each organisation, this might include income from a combination of some or all of the following: sponsorship, trusts and foundations, philanthropy, crowd funding, commercial exploitation of intellectual property and EU sources. We would ask all RFOs to set three-year income growth targets, to start from April this year.

Collaboration and resource sharing: There are good creative and financial reasons for encouraging our key arts organisations to work together and to share resources. It is also an important way of demonstrating value for money for taxpayer's investment. Again, I have seen good examples of where this is already taking place, however, it is an approach that could be extended more widely across the RFO portfolio. I would therefore like to see the Arts Council adopting active strategies that encourage greater collaboration.

The national companies: Our national companies promote the reputation of Wales at home and abroad with great distinction. Wales take great pride in their achievements. But as the exemplars in the arts sector, we would expect the national companies to demonstrate particular leadership in helping to meet the creative and financial challenges set out in this Remit Letter. As well as exploring all opportunities between themselves to collaborate and share costs, we would also expect the national companies to adopt an active and generous approach to mentoring and support, assisting those smaller organisations who have lesser levels of resource. The precise nature of such arrangements will obviously be a matter for you to discuss with the national companies themselves, but we would expect them to be able to identify quantifiable benefits from working in this way.

Demonstrating the value of public investment: During periods of economic austerity it is important that we do all that we can to demonstrate value for money from public investment. I firmly believe that supporting our creative and cultural lives has an undeniable benefit in and of itself. However, when making the arguments for public investment, that task is made easier if I can back up my arguments about the intrinsic value of the arts with a persuasive analysis of all the ways that this investment also meets Government priorities. To support this, I would urge you to ensure that the new Revenue Funding Agreements are suitably challenging and that they require RFOs to measure and report on the impact of their grant aided work and the specific outcomes they achieve.

Business development: I am aware that you are intending to put in place more ambitious arrangements for providing arts organisations with tailored business development advice. I would expect to see the Arts Council to provide, either itself or through appropriately tendered contracts with expert providers, advice and assistance covering a range of topics. These would include governance, skills analysis, business planning, fundraising, income generation, exploitation of intellectual property, maximising tax reliefs, internal audit, etc. Some of the organisations you fund could do significantly more to grow their

commercial revenue. I would like you to challenge those organisations to up their game.

6. Safeguarding the Arts Infrastructure

Given the acute pressure on local government funding, it will continue to be important that you work closely with individual local authorities, chief officers and WLGA, to try to maintain key local authority arts services, projects and facilities. I know that in most cases you will not be able to replace any lost funding from partners. Nevertheless, I would like you to make every effort to advocate the value of the arts, to ensure Councils are aware of the wider impact of their decisions, and to work with them where necessary to consider alternative delivery models.

During 2015/16 you have helpfully contributed to reviews of key national projects that enable young people to experience and develop their talents in the arts. I am grateful for your work and I ask for your continued involvement in these two areas:

- *Music Services*: supporting the implementation of the task group's recommendations, and leading on developing the proposal to establish a 'National Endowment for Music';
- *National Youth Ensembles*: overseeing the implementation of the task group's recommendations (with ACW sitting on the Interim board of new, unified NYAW as an observer, to monitor progress).

7. Brand Wales / Themed Years

It is important that Wales promotes itself, at home and abroad, as a vibrant, energetic and successful place to live, work and visit. One of the ways we will be doing this is through branding and our plans for themed years. With this in mind, I would like you to continue work to support the Year of Adventure and the complementary Roald Dahl 100 celebrations, and to undertake preparatory work for the Year of Legends 2017 and the Year of the Sea 2018.

Wales has long-standing business and cultural links with India, and 2017 will be the 'India-UK Year of Culture'. I know that you have been actively involved in developing our relationship with India through Wales Arts International. However, earlier this year I also signed, on behalf of the Welsh Government, a Memorandum of Understanding on cultural exchange with the Government of China. I would be grateful if you could identify specific actions that might help bring substance and ambition to these relationships.

8. Developing the partnership with Economy, Science and Transport

As well as encouraging you to work across Government departments, it is obviously important that you are making the most of relationships within your sponsor department, Economy, Science and Transport.

Your joint projects, for example, the initiatives you have developed with Cadw and the National Museum, have been welcome examples of partnership in action. There have also been a number of successful collaborations with our Major Events Unit. Extending this work to encompass greater partnership with Visit Wales seems to me an important next step. Our arts, culture and heritage all draw visitors to Wales and I would like to see you working with Visit Wales to explore ways in which Wales' arts and cultural activity can more prominently assist in the delivery of our Tourism objectives. I would also ask you to

ensure that your RFOs provide you with accurate and consistent data on jobs, apprenticeships and future skills needs.

9. Digital technology

In previous years we have asked you to be specific in your initiatives around digital technology and the creative industries. With resources under such pressure, it is vital that we do not duplicate activity. I recognise, however, that a healthy cultural sector becomes the breeding ground for the skills and ideas needed within the commercially orientated creative industries. I am keen to ensure that we derive complementary value from the respective investments made by the Arts Council and Welsh Government in this area. I would therefore ask you to work my officials to explore what more we could do to work effectively together.

10. Arts and Health

We have spoken previously about the many positive impacts that taking part in the arts can have on physical and mental health and well-being. I know that the Health Minister shares this view.

I am aware that the Arts Council already funds a diverse range of individual organisations working in arts and health. Indeed, at one stage you agreed a joint strategy with the Health Department. I would like you to share your successes with colleagues in the Health Department and to explore ways in which the strategy might be updated and re-enacted. As part of this, I would also like you to capture the range and the impact of the many arts-related health initiatives that are now in place, and report your findings to the relevant Ministers.

Finally, ahead of your retirement from the role in a few weeks time, I would like to place on record this Government's thanks for all your work as Chair of ACW over the past 10 years. Under your stewardship, the arts sector has been transformed; despite recent pressures it is more vibrant, more diverse, and more in touch with all parts of society than ever before. Your personal commitment, as evidenced by the creation of National Theatre Wales, and your work on the Arts in Education, has been immense. I hope that you will continue to lend your experience to the arts sector, in another capacity.

Yours sincerely



Ken Skates AM

Y Gweinidog Diwylliant, Chwaraeon a Thwristiaeth
Minister for Culture, Sport and Tourism

Annex 1

Financial Support

The Grant in Aid funding to the Arts Council of Wales in 2016/17 to deliver the priorities outlined in the Remit Letter:

Expenditure

ACW	2016/17 £000s
Current Expenditure / Running Costs*	30,171
Depreciation	119
Current Receipts	0
Capital Expenditure**	355
Total	30,645

The breakdown between expenditure and running costs is to be confirmed.

** This is a non cash item and is not available for draw down in the course of the year*

*** Ring-fenced within Capital Expenditure: £300,000 for the Wales Millennium Centre*

TOTAL Grant-In-Aid 2016/17

£30,645,000
