

**Evidence Paper for Culture, Welsh Language & Communications
Committee on Wednesday 6th December 2017**

‘Non-Public Funding of the Arts and Historic Environment’

1. The context

The Welsh Government recognises that the culture and heritage sectors must work to become more financially resilient and sustainable. The continuing pressures on local and Welsh Government budgets, the recent fall in Lottery funds for ‘good causes’, and the uncertainty surrounding access to EU programmes all highlight the pressing need to secure more income from other sources.

This message is emphasised in ‘*Light Springs through the Dark*’, the Welsh Government’s vision statement for culture. This notes that ‘*there is real uncertainty and anxiety, notably over EU funding and reductions in local authority support. Due to these pressures, the sector is losing experienced and specialist staff, which is putting its professionalism at risk. As public funding falls, there is a clear need for the culture sector to up its game on fundraising, marketing, and income generation*’.

The statement calls on our sponsored bodies to ‘*encourage the culture sector to be more proactive in pursuing new forms of income, in developing their business and marketing skills, and in exploiting digital technology, and to review and refine their fundraising and business advice services, to help the sector to diversify its income base*’

The statement also encourages organisations in the culture and heritage sectors to play a more active role in helping to tackle other public policy issues, such as health, education, regeneration and tackling poverty. This is mainly because the sector has much to contribute to these agendas, but such activities can also provide opportunities to generate additional income.

2. Remit Letters and Operational Plans

Following on from this, Ministers are giving significant priority to new income generation in the annual remit letters to our sponsored bodies, namely the Arts Council of Wales (ACW), Amgueddfa Cymru - National Museum Wales (AC/NMW), the National Library of Wales (NLW), and the Royal Commission on the Ancient and Historical Monuments of Wales (RCAHMW). Each body then sets out how it will address this priority, within its Operational Plan. A similar imperative is built into Cadw’s annual Business Plan. Details of the relevant sections within each Remit letter are set out in Annex 1.

3. Specific sectoral initiatives

This section of the paper highlights some of the specific projects and activities being undertaken by the Welsh Government, and its sponsored bodies, to

secure more non-public funding for the arts, culture and historic environment sectors.

Arts

- (i) *A national Endowment for Music.* The aim is to build a sustainable fund which eventually, will generate enough interest to support an annual grant programme. The initial target is to raise at least £20 million, with the aim to award the first grants in 2020-21. These would support young people's involvement in music and would complement, rather than replace, existing funding sources. The Welsh Government has provided an initial seed fund of £1 million, and has asked the Arts Council to establish the Fund as an independent charity. This will employ professional fundraisers, who will target a wide range of sources. The Fund is to be formally launched in Spring 2018.
- (ii) *A new, unified National Youth Arts Wales (NYAW).* There are seven national youth ensembles, which enable some of the most talented young musicians, actors and dancers from across Wales to receive top class tuition and performance experience. Historically, these have been administered by two separate bodies (the WJEC and Tŷ Cerdd), and funded via local authorities and the Arts Council of Wales (ACW). With our support, ACW is overseeing a transition to a new unified NYAW, with a new Board of Trustees. This is developing a new business model, still involving substantial public funding from ACW, but with greater reliance on commercial income, fundraising, and sponsorship.
- (iii) *Trusts and Foundations.* increasing funding from charitable Trusts and Foundations is also an important element of our strategy. We are encouraging ACW to help the arts sector to make more, and better quality applications to trusts and foundations, many of which have a UK-wide remit. In March 2016 the Welsh Government, in collaboration with ACW and Arts & Business Cymru (A&BC), organised a successful symposium with key trusts and foundations, and arts organisations from across the country. A&BC, supported by the Arts Council, has recently repeated this exercise.
- (iv) *Fundraising:* ACW has commissioned consultants Blue Canary, to assess the fundraising landscape in Wales and identify what can be done to optimise opportunities. A draft report was discussed by ACW Council in November and a final will be published in early December. It is likely to include recommendations on how to support senior fundraisers as well as the role that the Arts Council can play in developing relationships. Additionally, ACW support Arts and Business Cymru to deliver their fundraising internships programme.
- (v) *ACW 'Resilience' programme:* As part of ACW's 'Resilience' programme, a number of its core funded organisations are now receiving bespoke support to develop their fundraising strategies. This

includes training on how to develop and write successful bids for funding from large charitable trusts and foundations.

Cadw

- (i) *Commercial revenue:* in recent years Cadw has been working to improve its commercial performance, and income from the properties in its care. It has made record-breaking strides in increasing income by improving its sites and facilities. Cadw sites receive income from admissions, retail, membership, corporate hire and other commercial initiatives. 2016/17 saw Cadw's most successful year on record, with 1.4m visitors to staffed sites and £6.6m income received. This is reinvested into the care and protection of the historic environment. In each of the last three years Cadw's commercial income has exceeded ambitious targets. As part of this, it has run several award-winning marketing campaigns, and delivered ground-breaking events to attract new and repeat visitors.

For example, the 2016 *Historic Adventures* campaign began with the introduction of a large dragon sculpture at Caerphilly Castle on St David's Day. The campaign generated unprecedented interest and contributing to Cadw's most successful year on record. From the campaign's launch to its end in September there were 728,000 paying visitors to all Cadw sites (+3.63% year-on-year) generating £844,000 income (+71.47% year-on-year). The legacy of the dragons continues, with a female and two baby dragons introduced as part of the spring/summer 2017 *Live the Legends* campaign. Results to date suggest commercial performance and footfall continues to grow, with record numbers attending sites featured on the 'dragons tour'.

- (ii) *Memberships:* Cadw memberships are now at their highest level ever, at over 19,000. On 26 June Cadw launched an online membership sign-up system, which to date has resulted in 858 new membership sign ups. Most sign-ups have been initiated by the individuals concerned, however custodians have also been trialling online sign-ups on site. Cadw is also currently trialling membership stands during the busiest periods using professional promotional staff.
- (iii) *Unloved heritage project:* Cadw recently led a successful partnership bid to the Heritage Lottery Fund, which resulted in a grant award of approximately £750,000 for the Unloved Heritage Project. This aims to engage, enthuse and inspire young people to get involved with their local heritage. Concentrating on often-neglected 19th and 20th century heritage, this vehicle is being used to encourage skills development, to inspire creativity and to generate enthusiasm in young people for their past and a sense of pride in their place.

The wider Historic Environment Sector

The decline in public funding means that all the national heritage bodies are in a similar situation. Across the Historic environment sectors partners are exploring new funding opportunities, often through greater partnership working. Examples include:

- (i) *Historic Wales strategic partnership*: this was established in May 2017 to foster greater collaboration between Cadw, the Royal Commission on the Ancient and Historical Monuments of Wales, the National Library of Wales and Amgueddfa Cymru. The partnership provides an opportunity to bring a sharper focus and clearer identity to the commercial work of these national institutions, at a time of acute pressure on public finances. The partnership is currently considering several initiatives including skills development, commercial, and collaborative delivery of back office functions.
- (ii) *The Historic Environment Group*: this draws together the heads of key historic environment bodies to share information and good practice, and to inform policy. The group is able to learn from partners' experiences in pursuing diverse funding sources. Organisations which have had significant success in securing non-public funding for the historic environment include the National Trust, the Welsh Archaeological Trusts, the Historic Houses Association, and the Royal Commission on the Ancient and Historical Monuments of Wales.

4. New markets

Another way for the arts, culture and historic environment sectors to diversify their income and increase their financial resilience is to develop new markets, be this in Wales, the UK or overseas. The Welsh Government is supporting this in several different ways. For example:

- (i) *Creative Europe*: the Welsh Government Creative Europe desk helps our creative and audiovisual sectors to access funding from the both the culture and the media strands of the EU's 'Creative Europe' programme.
- (ii) *Cultural exchange programmes and trade missions*: In September 2015, the Welsh and Chinese governments signed a Memorandum of Understanding on Cultural exchange. This is facilitating a range of collaborations, involving Welsh artists, arts organisations, museums, libraries, creative businesses and higher education institutions. To date there have been two cultural missions to China, aimed at developing these links. We are also encouraging cultural organisations and creative businesses to participate in the wider programme of Welsh and UK government trade missions, in recognition of the growing potential for the sector to perform, exhibit, and do business overseas.

- (iii) *Major cultural events:* The Welsh Government's Major Events Unit supports a wide range of cultural events, including events such as the Hay and Green Man festivals, where a key aim is to extend their reach beyond Wales; such events provide a platform for the culture sector to showcase its work to international buyers and producers.
- (iv) *Cadw lettings and retail offer:* Cadw is continuing to develop a range of new income generating initiatives. For example as part of the £5.9m investment to improve the visitor experience at Harlech Castle, five luxury, self-catering apartments have been developed, as well as a café and new visitor centre with improved retail space. Further holiday letting opportunities are currently being developed near White Castle and Tretower Court and Castle, working with Welsh interior designers.

5. Digital technology

We also recognise that digital technology offers many opportunities for the cultural and historic environment sectors to diversify their income. This is recognised in 'Light Springs through the Dark': *'Digital represents a huge opportunity for the creative and cultural sector. It needs to do more to promote and share its offer and to exploit its Intellectual Property'*.

The challenge is to harness the power of digital technology to extend access and participation (e.g. live streaming), whilst also exploiting its income generating potential, where appropriate. This includes innovatory products and ideas, but also routine activities like ticket sales, and purchasing products online. Examples of the activities being carried out include:

- (i) *ACW's 'Digital Innovation Fund':* this is a partnership between the Arts Council and the National Endowment for Science, Technology and the Arts (NESTA). It aims to fund and promote new ideas, including ideas with revenue generating potential, using digital technology as the tool.
- (ii) *ACW partnerships with BBC Wales and S4C:* these are focussing on digital skills, notably on how ACW can support short form capture (both individuals and organisations) and Augmented Reality and Virtual Reality technologies, through a project initially centring on the National Eisteddfod.
- (iii) *Culture UK:* ACW is working in partnership with the other UK arts councils and the BBC through Culture UK. Examples include the recent P.A.R.A.D.E ballet on BBC 4 and Opera Passion day. This builds on recent funded work by 'The Space', a body which brings arts organisations, artists and technology together to reach new audiences, using digital skills and media. The Space is supporting organisations such as Sinfonia Cymru to use digital to Facebook live, to reach new audiences with their contemporary and innovative repertoire.

6. Conclusion

The Welsh Government sees the arts, culture and the historic environment as vitally important, and as sectors which should continue to be supported with public funds. It recognises however, that there is significant potential within each of these sectors to reduce their overall reliance on public funds, by increasing the level of income they generate from other sources, by developing new products, and by exploiting new markets.

This requires the Welsh Government and its agencies to continue helping these sectors to develop their commercial and fundraising skills, and their marketing and customer relations activities. We would welcome the Committee's views on other steps we could be taking to further this agenda.

Remit Letters (2017/18)

Arts Council of Wales

'continue to work on your business development services, to support your clients to maximise their non-public funding. This includes work to secure more funds from charitable trusts and foundations, and from individual and corporate giving... I would ask you to work with your portfolio organisations to develop a tailored plan for developing their business and marketing skills, to include clear annual targets for increasing self-generated income.'

Amgueddfa Cymru-National Museum Wales

'it is essential that our cultural bodies continue to pursue and attract investment from a wider range of funding sources to supplement core Grant-in-Aid funding provided by the Welsh Government'

National Library of Wales

'I would expect Welsh Government grant-in-aid to be supplemented by significantly increasing levels of funding attracted from other sources'

Royal Commission on the Ancient and Historical Monuments of Wales

'heritage bodies need to attract investment from a wider range of funding sources to supplement the funding provided by the Welsh Government...(so) I would like you to include an income generation plan in your Operational Plan'.