



Towards Plan A:

A new political economy for arts and culture



Contents

Forewords

The arts have to be proactive, innovative and bold 3

Sir Peter Bazalgette and Alan Davey, Arts Council England

Time for the arts to step up and step out 5

Joe Hallgarten and Matthew Taylor, RSA

Summary reflections and recommendations 7

John Knell

Reflection essays

Yes, Britain's got talent, but is that enough? 19 **An essay on art, commerce and the creative economy**

Martin Smith, special adviser, Ingenious

A new grand partnership between schools 34 **and the cultural sector – Realities and possibilities**

Sue Horner, Leader in education and the arts and Chair of the RSA Academies Board

City arts strategies in a cold climate 49

Alexandra Jones, Chief Executive, Centre for Cities

Return on cultural investment 63 **Developing the wider impact of the cultural sector**

Mandy Barnett Director, MB Associates and Daniel Fujiwara, Researcher and Consultant (Economics and Econometrics), London School of Economics

The arts have to be proactive, innovative and bold

It was back in March that we launched this important series of seminars in association with the RSA, giving a public platform for key thinkers from business, education, government and arts organisations to explore ideas that will shape a new direction for our arts and cultural sector.

The series is called Towards Plan A. That's because we believe that the arts sector can't argue its case using reactive plan B strategies. The arts have to be proactive, innovative and bold.

We need to review our achievements and consider our potential, think how our goals relate to our nation's wider social and economic objectives – and how we can connect to these.

The four papers here consider our contribution to the national balance sheet, to education, to urban economies and to the general health of society. The papers make crucial suggestions, and from them emerge two strong themes.

First, that there is a powerful case to be made for the holistic benefits of the arts. By this we mean that the arts make vital contributions to all our lives in ways that should be considered individually – and collectively.

Through culture, we come to understand and articulate ourselves; the arts illuminate our inner lives, enrich our emotional world and teach us compassion. They engage us in a dialogue about values; they define our national identity and our concept of citizenship. They hand down the tradition, the ideas and the language that make us confident innovators.

The arts are essential at all levels of education, bringing imagination and self-expression into the primary school and the university lecture hall. From first contact to life-long learning, the arts have a symbiotic relationship with other subjects. We need to describe this, and make sure that the arts become integral to the teaching of science, technology, engineering and maths. We need to turn STEM into STEAM.

Our arts sector is also a major contributor to social wellbeing – in its engagement with children and young people, with older people, and with the sick and the marginalised. We encourage the individuality of local communities and through our commitment to diversity we strive to bring out the positive, creative potential of the nation.

And then there is the economy. We are beginning to understand and communicate the wide contribution the creative and cultural sectors make to economic strength. The arts attract income to other areas of the economy, shape the environment for economic regeneration, drive exports and fly the flag abroad.

These beneficial relationships are complex and interrelated.

At present, you could liken our case to that of the Higgs boson, the elusive particle that gives others their mass. The arts are essential, but so embedded in our lives that their presence often goes unacknowledged.

Pinning this down requires specifics. It needs more measurement, more evaluation, and a new language of value to communicate across different sectors of influence. We need to be able to make this holistic case as clearly as others in the 'third sector' do.

We would like to set out in diagrammatic form the arguments that we need to capture [artscouncil.org.uk/holisticcase](https://www.artscouncil.org.uk/holisticcase) and we invite all those involved with the arts, practitioners and audiences, to discuss with us how we can bring this picture to life.

The other theme is that of partnership. We began this series of lectures with a reflection on grand partnerships, and the seminars have confirmed the need for collaboration not only among arts organisations but also between arts organisations and a range of other partners.

Some of these will be known to us – our partners from central and local government for example – but there will be others that we may be working with for the first time; partners from business, from local enterprise partnerships, from charities, foundations, schools and higher education – and from the community of individual philanthropists.

We have to think also about what we want from partnership. Partnership can have many forms and many purposes. It can be about finance and distribution, or about ideas and influence. Whatever form it takes, partnership is essential to the resilience of the arts and cultural sector.

Our most important partnership will always be with our public: we want them to be more involved with what we do now, and in our plans for the future.

It is through partnership that we will be able to promote the wider benefits the arts bring, and ensure that the arts are there, as they must be, for everybody.

We want to give grateful thanks to the RSA for hosting these seminars, to John Knell for his insight and dedication, and to all those who worked on this publication.

Sir Peter Bazalgette, Chair
Alan Davey, Chief Executive
Arts Council England

Time for the arts to step up and step out

The papers in this report continue a long tradition of RSA engagement with arts policy and practice. The very first meeting of the Society in 1755 agreed a 'polite arts' Premium 'for the best drawing by a boy or girl between the ages of fourteen and sixteen. In 1858 an RSA Committee drafted a Bill to establish copyright on all works of Fine Art. Later that century, our House hosted London's first ever exhibition by 'living artists' and the city's first ever photography exhibition. More recently, our arts and ecology programme brought new artistic insights to the climate change debates, and our work in Peterborough developed new approaches to how the arts can support social change.

In his paper for this report, Martin Smith argues that "there can be no more appropriate place than the RSA to host discussions and publish papers about the dynamics of the 'creative economy'". Yet if the RSA really wants to place art at the heart of our mission, hosting discussions will not be enough.

As part of our renewed mission to 'enrich society through ideas and action', the RSA is aligning our activities under an emerging core belief in 'the power to create' – to liberate and support as many people as possible to act on their own initiative to establish better lives for themselves and a better world for others. To do this, we need to work towards a world where concentrated forms of power and the orthodoxies that stifle diversity and initiative are challenged by creative and collaborative individuals, institutions and communities.

Our aspiration is that the arts and culture should become central to the RSA's pursuit of these goals. The statement that 'creativity is not just about the arts' needs regular repetition, but has probably now become a tired cliché, one that obfuscates the central and, yes, occasionally unique role that the arts and artists can play in giving us all 'the power to create'.

Central to this will be the development of the idea of place-based commissioning, as outlined by the RSA's new Chairman Vikki Heywood in her recent annual lecture:

"How can rhetorical commitments to new forms of leadership, innovative practice and generous collaboration turn into something real? This is where arts organisations and artists can come in. Their ethos, their method, their creativity can act as the catalyst for new ways of being and thinking.

The question thus changes: instead of 'how can we persuade the government and the public to protect the arts in tough times?' it becomes 'how can arts and heritage organisations be prime movers in enabling places not only to survive but to prosper in these difficult times?' For arts organisations and artists to make this offer and make it credibly they will need to examine their own

ways of working. They will in essence need to see themselves as commissioned by the places, in which they are based, a concept which, if taken seriously, is complex and challenging.¹

Art for its own sake sought to place art beyond value, beyond the messiness of the market and everyday life. But in our age of course no activity is beyond the reach of value and we must ask again what is the real and irreducible value of the arts in our lives, our culture and make sure we play our part in the wellbeing of society as a whole.”

As we find the world facing enormous economic, social, geo-political and environmental challenges, and a set of institutions and power relationships struggling to meet these challenges, now is the time for the arts to step up and step out, to contribute to the huge task of re-humanising society. This will look very different from the ‘polite arts’ that put that A in the RSA in the first place, but nonetheless, as the RSA renews its mission, we are confident that we can play a part.

Joe Hallgarten, Director of Education

Matthew Taylor, Chief Executive

RSA

Summary reflections and recommendations

Introduction

This report publishes the findings of the 'Towards Plan A: a new political economy for arts and culture?' seminar series. The seminars brought together representatives from business and finance, the government, local authorities and Local Enterprise Partnerships, and the arts and cultural sector to explore ideas that can shape a new political economy for arts and culture in England. The over-arching aim was to develop a connected set of insights and ideas that can help the arts and cultural sector play the fullest possible role in economic and social growth, strengthening its investment pitch to a wide variety of partners and public and private investors.

Aligned with these aims Arts Council England is developing a narrative about the 'holistic' case for investment, emphasising social, cultural and economic impacts that support and reinforce each other. These seminars have implicitly fleshed out that 'holistic case' suggesting that the 'intrinsic' cultural, social and economic cases are made in terms of national and local economic / social / place goals as well as cultural ones. This should not of course mean collapsing cultural aims into these wider aims. Instead the arts and cultural sector should be seeking to make these different investment 'logics' distinct and transparent developing specific goals and mutually reinforcing measures for each of these particular forms of investment and activity.

This report publishes the four commissioned papers that drove our 'Plan A' discussions. This introductory segment has two aims. Firstly, to capture the wider themes and issues that emerged from the discussions. Secondly, to build on the analysis of the papers published in this collection to highlight key recommendations that could be central to the future development and impact of the arts and cultural sector. The recommendations are either drawn from the papers or reflect discussions and suggestions that have emerged from the seminar process.

1. Overarching themes

Three key themes emerged from these wider reflections

1.1. The need to re-invent our grand partnerships – and forge new ones

In his inaugural lecture to launch the 'Plan A' series, Arts Council England Chair Sir Peter Bazalgette outlined how Grand Partnerships will be vital to building a world class arts and cultural landscape in these difficult times. For Peter, arts and culture has the greatest impact when arts and cultural organisations, business, local authorities, higher education and other key partners work together. They do this because it has the scope to deliver economic results, a deepening of civic culture as well as 'capital C' culture, and thus better places to live and work in. With clear goals and strong delivery art and culture can repay investment many times over.

All of the discussions have confirmed that the sector needs to re-invent its key partnerships. Many share Peter's optimism that the sector can rise to the challenge, but there is also a recognition that austerity means that the challenge of making grand partnerships work is getting tougher.

The seminar discussions have suggested that in response the arts and cultural sector needs to get more adept at working with its partners to:

- forge greater shared intention in terms of their ambitions for impact and influence
- re-think networks and supporting infrastructure as austerity strips away some of the established expertise and enabling supports, particularly in local government: and
- create more widely supported models of value creation and sector improvement (so for example if the Arts Council led the agenda here, different types of models could be built with co-commissioners in place making, education and health)

Making progress on these agendas poses tough challenges for Arts Council England and leaders of arts and cultural organisations. For example, should the Arts Council be running more regular strategic forums with LEP chairs and Local Authority Chief Executives to take forward the kinds of recommendations coming out of the RSA sessions? Do cultural leaders recognise the responsibility to forge better relationships with local headteachers and schools? Do arts leaders have the right skills and ambitions for these, arguably, more robust partnerships?

1.2. Case making and the burden of proof

It has been instructive to bring the arts and cultural sector into more direct dialogue with partners (many fans and some sceptics) from outside the sector. It has been interesting watching the arts and cultural sector realise how it needs to change the case it makes. Instead of arts for arts sake or box ticking instrumentalism the emphasis has been on mainstreaming arts and culture into the broader national and local case for economic and social renewal – this is what the Arts Council means by a holistic approach.

Some key headlines were:

- the sector needs to get smarter at making a more relevant case. The seminars have highlighted that the sector's measurement and evaluation work will have a much greater impact if it is clearer about the value case that is being made, and talks the language of professional peers and partners in other sectors.
- the seminars have also confirmed that the sector needs to be more nuanced and sophisticated about the burden of proof required for different audiences. So for example, in terms of Treasury and spending departments, the Arts Council must lead the way in working with partners to identify where we need the most rigorous cases, and sponsoring cross sector studies that deliver those hard facts and stories.
- the Arts Council should develop tools for the sector to use in their evaluation activity – bringing more rigour to how we measure success, and ensuring that our funding organisations find it easier to capture their impact and value.

1.3. A coalition for action

The seminars suggest there is an opportunity to be more ambitious as long as the sector is willing to question its ways of working. Participants recognised that the arts and cultural sector can get better at building shared ambition and explaining why the arts and cultural sector should have a bigger role in social and economic

strategy. The 'What Next?' initiative is an example of collaborative leadership emerging largely spontaneously and from the ground up.

Insights, ideas and tools are necessary but not sufficient. To build a truly powerful partnership will also require a willingness to change and collective self belief that the case for arts and culture can move from the margins to the centre of national and local debate.

2. What informed the 'Plan A' series?

Context

In the last fifteen years some clear themes have come to dominate debates about the health and future of our arts and cultural sector:

- value and measurement – how can we best understand the cultural, economic and social impact of the arts
- democratisation and access – how can we ensure the greatest number of people take part in and enjoy the arts
- digital – how can we fully exploit the creative and engagement opportunities of the digital era, and the audience insights offered by big data approaches
- enabling the arts and cultural ecology – how can we foster an arts and cultural ecology full of dynamism, difference and diversity and maximise its impact

The cultural value debate is once again becoming crowded. The AHRC is investing £2 million to fund research on cultural value; the soon to commence Warwick Commission (Chaired by the RSA's Vikki Heywood) will explore the future of cultural value, and the Arts Council recently published a comprehensive study by the Centre for Economic and Business Research of the economic value and impact of the arts and cultural sector.²

The proliferation of such initiatives suggests a continuing weaknesses in the evidence base and case making of the arts and cultural sector. Against that background, this 'Plan A' seminar series had a simple aim – to help remake the public and private investment case for the arts. We identified four key themes and questions for the commissioned papers and discussions:

i. Making the economic case

If the economic case for the arts is so obvious, why does the UK so palpably lack an industrial and export strategy for arts and culture?

ii. Remaking the grand partnership between cultural and education

Is the grand partnership between the education and cultural sector in need of urgent re-invention?

iii. City Arts Strategies in a cold climate

Why have some cities made the arts part of their future, and what will be the consequences?'

2 Centre for Economic and Business Research (2013) *'The contribution of the arts and culture to the national economy'*, Arts Council England

iv. Capturing the wider impact of the arts and cultural sector

How can we make a better case for the wider impact of the arts opening up new opportunities for collaboration, innovation and sector development?

The commissioned papers and discussions have generated clear recommendations on how to consolidate and improve the evidence base supporting the sector's decisions and advocacy. The participants were clear that the cultural sector needs to more actively co-produce the evidence base – rather than being passive recipients of a research agenda defined only by specialist economists or Treasury officials. This greater appetite to collaborate in a focused way on how to build the case for arts and culture should be welcomed.

The seminar papers have also generated directive advice for arts and cultural organisations and their partners:

- the need for clear leadership and advocacy from the sector on a wide range of policy issues deploying a powerful mixture of stories and hard facts relevant to both national and local decisions makers
- the need for greater collaboration and cooperation across the sector and with other partners
- the need for scaled ambition – based on distinctive, asset based strategies – from culture led regeneration to cultural education partnerships

3. Specific policy recommendations

What then were the key issues and recommendations arising from the four themes?

1. Making the economic case

Martin Smith's paper is a powerful story about how we might best support talent, and the future development of our cultural and creative industries. The key messages in his paper are:

- the need to move beyond 'lobbysomics' – into a more forensic and persuasive analysis of the global economic potential of the sector, and how best to ensure its future success.
- the need for an industrial strategy for the cultural and creative industries based on a fuller understanding of the dynamics of the relationship between public investment and commercial innovation and success
- the need for a refreshed investment-driven partnership with government, requiring the arts and cultural sector to develop a more fully articulated investment case

Martin is not a lone voice in making this case. In April 2013 the CBI said:

'There must be a coherent and robust growth plan for the creative industries as part of the Government's industrial strategy'

We don't yet have one and we need one.

What recommendations might advance these ambitions?

Recommendation 1.1

Investing in our Creative Assets – Business should lead on the commissioning of an asset-based study of the cultural industries – trying to bring City investors and the arts and cultural sectors more closely together. A mixed

panel of City expertise, proven cultural entrepreneurs, key anchor institutions (BBC, Channel 4) and other relevant experts would use an investment lens to analyse and amplify the commercial potential and capacity of the sector

The terms of reference would be co-produced with ACE, BFI, BIS, and DCMS.

This recommendation builds directly on the evidence that Martin Smith gave to the Culture, Media and Support Committee as they prepared their recently published 'Supporting the Creative Economy' report³. In his evidence, Martin noted that one role the Creative Industries Council 'has not been given is that of building bridges with the City and the wider financial sector. Yet, arguably, the greatest need in terms of "support for the creative industries" in the UK is for such bridges to be developed and maintained at scale with government backing. The UK will not remain competitive in the rapidly changing global creative economy unless the alternative asset classes represented in the cultural and creative industries, and especially the content industries, are understood, supported and invested in by the wider financial sector.' How and in what ways can city investors be encouraged to invest in these more complex value chains with appropriate investment horizons?⁴

The DCMS select committee did not recommend any specific initiatives to build such bridges between the City and cultural / creative industries. This is a missed opportunity that should now be pursued. It would also add real value to recently published 'Banking on IP'⁵ report, commissioned by the Intellectual Property Office, which is seeking to make it easier for businesses to show what IP they have when looking for investment.⁶

The Department of Business, Innovation and Skills should provide the Creative Assets Inquiry with a gap analysis explaining why they have not chosen the cultural and creative industries as one of their priority sectors for growth (alongside the ten other sectors they are currently strategically supporting). In turn, an explicit part of the Creative Assets Inquiry's brief would be to identify the evidence case required to provide the cultural sector with a paradigm shift argument such that BIS would identify the cultural sector as a strategic partner that it will more actively support within its future growth strategies.

Recommendation 1.2

Towards a more sophisticated Gross Value Added (GVA) model for the cultural sector – the Arts Council is in the process of reviewing their approach to measuring GVA, and planning to develop a common approach to capturing these and other economic impacts at both a national and regional level.

As part of this process the Arts Council needs to work very closely with other partners (Local Authorities; LEPs; the Treasury) as they develop an effective, credible, light-touch sector wide GVA model that can tell both a better regional and national story. This needs to become a hygiene factor in the sector's rich overall value story.

3 Martin Smith, Supplementary Memorandum to the Culture, Media and Support Select Committee www.publications.parliament.uk/pa/cm201314/cmselect/cmcomeds/674/674we16.htm

4 This initiative will complement existing efforts to improve the 'investment readiness' of the arts and cultural sector which are trying to enhance their capacity to identify and access a broader range of investment sources

5 Intellectual Property Office (2013) 'Banking on IP? The role of intellectual property and intangible assets in facilitating business finance'

6 Intellectual Property Office (2013) 'Banking on IP'

the Arts Council might also wish to consider how to develop more commonly understood standards for robust and useful economic impact models across the sector, which could be presented in ways that are easily understandable by the wider public.

Recommendation 1.3

Review the focus and composition of the Creative Industries Council – BIS and DCMS should lead a review of the CIC’s membership and working agenda – taking soundings from key industry figures, to ensure that its personnel, mandate and resources enable it to better support an investment driven partnership between the Government, the cultural sector, and the investment community. The recent Culture, Media and Sport select committee report on ‘Supporting the Creative Economy’, made a number of recommendations (recommendations 39-41) encouraging greater ministerial attendance (from Treasury and the Department for Education)⁷ at Creative Industry Council Meetings. Unfortunately mandating ministerial attendance speaks of a committee that has not adequately proved its value and relevance (hardly surprising given that it commands no resources of its own).

2. Remaking the grand partnership between cultural and education

Sue Horner’s starting point is that the grand partnership between the education and cultural sectors is in need of urgent attention and re-invention. The key messages in her paper are that:

- a minimum level of cultural provision for all students is vital in catalysing local partnerships that are trying to engage more schools in cultural partnerships on the ground
- the minimum levels of cultural education provision that the Government’s recent Cultural Education Plan maps out need to be defined and put into action by the education and cultural sectors working together alongside other key partners. The statutory requirements and monitoring structures for all schools and settings need to support such provision to ensure that the baseline commitment reaches every child.
- every school should develop an arts policy
- we need to see more long-term partnerships between education and cultural partners, with the cultural sector coming together to offer more joined up consortium type offers to schools

Of all the sessions, this topic raised more questions than answers. Key points of discussion included:

- how can we think more strategically about the role that Universities can play in strengthening education and cultural partnerships?
- ‘what does an effective cultural education network offer look like in the digital age – delivered at scale?’
- why have we let arts subjects become pigeon-holed as ‘non-academic’ when they require such rigour and discipline?

What emerged clearly from the seminar is that the most urgent issue is less about the nature of the value of arts to education (although that case needs to be strengthened and deepened), but more about how we move forward in a period where there will be less national prescription to schools and reduced funding to the arts – what steps can we take and whose responsibility is it to make all this happen?

⁷ Recommendation 40 – ‘We recommend that a Treasury Minister and a Minister from the Department for Education attend at least one meeting of the Creative Industries Council annually. Ministers and officials from other Departments should attend as determined by agenda items’ (paragraph 137)

For Sue Horner the answer is clear – the arts and cultural sector needs to see this as a core responsibility – not a ‘nice to have’ extension of things they already do. In other words the arts need to see themselves as an important part of the education system, not as something sitting outside of it.

If they take that responsibility seriously, the question for arts and cultural organisations should be ‘how can we strengthen the network of partnerships that can sustain high quality cultural education in our schools?’

Some context here is useful. There are some 460 arts organisations in the Arts Council’s current national portfolio of regularly funded organisations that have indicated that they will play a significant role in the delivery of great art for children and young people over the next four years.

These National portfolio organisations represent a vital resource. As Henley’s most recent ‘Cultural Education’ report notes ‘National portfolio organisations represent one of the biggest groups of organisations, other than schools themselves, which deliver the national curriculum’ (emphasis added).

If cultural education partnerships were a dating game, cultural organisations face too many suitors to be attentive. Smarter, network-based delivery is needed along with a better focus on gaps and key areas of demand. There are currently 24,328 schools in England (DfE School Census 2013) – that’s 53 schools for every regularly funded arts organisation who have developed skills and a track record in working with children and young people.

These numbers do not include the hundreds of museums and arts organisations that are not National portfolio organisations, or the thousands of artists who work with schools outside of organisations. However, we need to ‘price in’ some realistic targets as to how many schools and pupils the current cultural infrastructure can reach without further programmatic investment, and what this means in terms of how the whole arts and cultural ecology needs to work together to pool resources and make a difference.

Schools are seeking bespoke, long-term partnerships, focused on learning outcomes not cultural product. Does this mean that cultural organisations must focus on quality over quantity in this next stage of grand partnership building? If not, what does a sector wide project look like that creates partnership frameworks and compacts within which a much wider range of organisations and individual practitioners can operate. Will the arts have a bigger impact on cultural education by focusing their efforts on shaping Initial Teaching Training and Professional Development practices, and how arts and culture is taught/mainstreamed within the whole curriculum, rather than by concentrating on individual/consortia school partnerships – whatever their scale of ambition and expertise?

We need much more radical thinking about how the two sectors are going to work together if even current modest ambitions are to be met. As Sue Horner notes, the Bridge organisations have a crucial role to play here. The challenge for the Bridges is to find a way of influencing a complex set of stakeholders in a region when they don’t have much funding or formal oversight functions. This influencing role is crucial to providing a strategic direction for local agencies, cultural providers and others to work within.

Another source of innovation will be collaborations between culture and education which are structural and long-term, rather than project-based transactional relationships. At the seminar, Holly Donagh from A New Direction, gave the example of the Lincoln Centre Institute in New York, which is currently opening 18 new

charter schools in the Bronx all of which will be based around the design principles of imaginative and creative learning. As Holly observed:

‘The current dynamism in the schools system could make this kind of radicalism a possibility in the UK – thinking about the 90,000 new school places needed in London by September 2016 and the hunger from schools for support to innovate around the curriculum and use the arts to bring to life ‘non-arts’ subjects.’

Of course the Lincoln Centre is the beneficiary of a major endowment to help such school start-ups. Nonetheless, this is the right moment for our major cultural institutions to be exploring similarly ambitious interventions.

The following recommendations would advance these ambitions:

Recommendation 2.1

The recent Culture, Media and Sport report on ‘Supporting the Creative Economy’ made an important recommendation with regard to cultural education:

‘As it continues to further changes to the national curriculum, the Government must ensure that students up to key stage 3 receive a solid grounding in the arts and design. We believe that students aged 14-16 (key stage 4) must be able to access the widest possible programme of creative subjects to prepare them to play a full part in the knowledge economy.’

This last recommendation chimes strongly with a recommendation made by NESTA in their recent ‘A Manifesto for the Creative Economy’ – with NESTA suggesting that:

‘All teenagers should have the opportunity to learn creative digital skills, such as designing apps and games, as part of a fusion in the curriculum covering technology and arts, as well as maths, science and the humanities’

Support for this approach is offered by the recently published ‘Brighton Fuse Report’⁸, which examines the success of Brighton’s creative, digital and IT (CDIT) cluster identifying a new type of business known as ‘superfused’, combining creative, digital and business skills to achieve growth figures almost three times as fast as other businesses and ten times that of the British economy overall. We need to underscore the vital role of cultural education and skills as a driver for growth.

Sue Horner’s paper, and our seminar discussions offer strong support for these recommendations. It is in disadvantaged and struggling schools where arts content is most likely to be squeezed by the scramble to meet ‘good’ school standards requirements, yet arguably these are the schools and the pupils who most need cultural organisations to help raise aspirations and make learning exciting and relevant.

Recommendation 2.2

The new curriculum goes live from Autumn 2014. The Cultural Education Partnership Group (CEPG – made up of ACE, BFI, HLF and English Heritage) – working with the DfE as they review progress on the Henley recommendations over the next 3 to 5 years – should collaborate on the monitoring of the emerging baseline for

cultural education provision and track its profile between 2014 and 2017, examining whether there is any fusion of arts and design teaching with other mainstream areas of the curriculum.

Recommendation 2.3

With a growing interest in area based curriculum approaches (for example the London Curriculum), more area based curriculum pilots are trialled and tested across the country, with an explicit focus on how they can be used to leverage better networked delivery from the wider cultural sector. The RSA's new Grand Curriculum Designs programme, led in partnership with the Institute of Education, could provide a fruitful vehicle for engagement from the cultural sector.

Recommendation 2.4

Consortia of cultural organisations should come together and make more ambitious interventions in education provision. For example, if the cultural sector truly values the role of the arts in education, how could it better support the best directors of Children and Youth Services across the country? Or how could it more actively shape the practice of Teaching Schools to ensure high cultural education practice (supporting Special Leaders in Cultural Education)?

3. City arts strategies in a cold climate

Alexandra Jones lays bare in her paper how austerity has brutally exposed some sobering facts about the state of culture-led regeneration in our cities and regions:

- there has been too much unsophisticated boosterism, with some cities and places adopting 'me too' place making and regeneration strategies which provide little prospect of distinctive and sustainable success
- it appears that it is only local authorities with a track record of sophisticated investment in their cultural infrastructure that are 'sticking in' during straightened times
- the sector has to plan for significant ongoing cuts in LA support for their activities – and as a necessity will need to widen and deepen its partnership base
- local authorities, and the arts and cultural sector, need to develop smarter 'asset based' strategies, which place a high premium on distinctiveness and the deeper integration of culture with place and community activation strategies

More optimistically, her analysis also underlines the scope and potential for smart asset based cultural regeneration approaches that are capable of creating durable foundations for economic and social growth.

The following recommendations build on her analysis:

Recommendation 3.1

'Creating Resilient Places' Commission – Building on the lessons of Arts Council England's current Creative People and Places initiative, the Arts Council, DCMS, and DCLG should commission a 'Creating Resilient Places' study, with strong representation from the Cultural Sector, and other key government departments (Department of Health (Health and Wellbeing Boards), Department of Education), which examines the key interventions required to build greater resilience in cities and places.

Similar ambition is being shown overseas. The Rockefeller Foundation, recently announced its '100 Resilient Cities Centennial Challenge' initiatives – seeking to foster a global conversation about urban resilience and what we can all do to make our cities places of growth and opportunity now and in the future. They explain that:

'Resilience is the capacity of individuals, communities and systems to survive, adapt, and grow in the face of stress and shocks, and ...transform when conditions require it'

Winning cities that secure funds from the Rockefeller initiative will be given support to hire a Chief Resilience Officer (CRO), who will oversee the development of a resilience strategy for the city.

All too often the arts and cultural sector doesn't operate with this scale of ambition, and perhaps as a consequence are rarely sought out as fully fledged strategic partners by Government and other agencies as they consider these vital future challenges.

Recommendation 3.2

Developing tools to support creative cluster development – There should be a more concerted response to NESTA's recent 'Manifesto for the Creative Economy' – and specifically their recommendation that 'local policy makers should observe our seven-point guide for developing creative clusters' (see figure 1 below). BIS and DCMS should collaborate on the creation of a framework to encourage Local Authorities and LEPs to adopt proven and leading edge principles in their regeneration strategies and activities. The framework should also allow cities and places to quickly self-assess whether a cultural based regeneration strategy is appropriate given their starting point.

Figure 1: NESTA's 'Seven Rules for Creative Clusters'

1. Be pragmatic – 'build on areas or niches of existing strength'
2. Be data-driven
3. Think systemically
4. And Listen – 'detailed consultation with local businesses'
5. Raise visibility and strengthen networks
6. Invest in people as well as buildings
7. Leverage anchor institutions – 'universities have a central role to play in creative cluster development'

Recommendation 3.3

Place based cultural commissioning – the Arts Council along with partners such as the Local Government Association or the Core Cities Group should explore the scope for place based commissioning in which arts and cultural organisations are co-commissioned to generate activities which go to the heart of the need for modern cities to work more collaboratively across agencies, to engage the public more deeply and to foster more and better social innovation.

4. Capturing the wider impact of the arts and cultural sectors

In their paper Mandy Barnett and Daniel Fujiwara provide an insightful stock take of where we've reached in the evaluation of the wider impact of the arts and the potential for greater innovation.

The key messages in their paper are:

- the need to build shared approaches to better assess the wider impacts of the cultural sector and improve the effectiveness of our interventions
- developing common framework approaches to underpin the sectors' evaluation and impact activities are useful and should be supported
- any value and evaluation framework approaches will have to embrace the intentions of key commissioners of arts and cultural services (from health to education) – with the aim of creating a number of shared, co-produced templates for evaluation

There was a strong consensus at the seminar that the arts and cultural sector needs to consolidate its knowledge and expertise base in this area, and find better ways of sharing those resources sector-wide.

Concern was also expressed about which agency, in a climate of austerity, is going to take on the budgetary responsibility of investing in high quality, longitudinal, high burden or proof studies exploring the wider impact of arts and culture. The harsh reality is that the arts and cultural sector is being starved of analytical and evaluation support from its lead bodies and agencies. Equally few arts and cultural organisations would support further funding for evaluation if it reduced their direct funding. These are issues that cannot be ducked as we plan the best route forward.

The following recommendations build on Mandy and Daniel's analysis.

Recommendation 4.1

The Arts Council should support sector led learning and improvement networks⁹ to carry forward the discussions begun in the seminar and to identify and signpost shared learning and resource tools for everyday evaluation – collaborating with commissioners in education, health, and wider social service provision. The emphasis should be on knowledge exchange, identifying the sector's capacity gaps and smart ways of drawing on the expertise of other sectors and practitioners. The network would seek to identify demand led (from commissioners) pathfinder projects ensuring the commissioned projects can build in evaluation strategies shaped by the emerging common frameworks.

Recommendation 4.2

The Arts Council should work with other trusts and foundations to explore how improved logic models for wider value creation can help educate the sector on how to access and use wider sources of non-grant finance, from social impact bonds to other forms of financing. This work would seek to connect with existing initiatives, such as efforts by the Arts Ventures Fund Group to develop new social investment funds for the arts.

Recommendation 4.3

Arts Council England to commission, working in partnership with DCMS, DfE, AHRC, key trusts and foundations, and the sector learning network, at least one 'high burden of proof' study – involving if appropriate randomised controlled trials – which would explore the impact of particular arts interventions in a key impact area (for instance health and well-being, education or community cohesion). This approach should be repeated at the start of every three-year funding cycle.

9 For example the Happy Museum project, whose work could be extended into the arts sector, www.happymuseumproject.org

The studies would be designed to meet stringent tests of causality using methodologies that will satisfy Treasury Green Book criteria or other peer review agreed analysis benchmarks.

5. Conclusion

Together these recommendations make a strong case for the 'holistic' case for investment. Our discussions have underscored that the sector has not been good at longer-term strategic thinking and analysis. In contrast, contributors regularly noted the greater sophistication of other parts of the third sector in framing and evaluating key challenges and priorities.

Where might the sector focus its resources here? One option would be to start mapping the sector's key interdependencies, identify its biggest weaknesses and points of vulnerability, and develop strategies to mitigate them. For example, given fiscal constraints between now and 2018, we should be modeling the likely impact of further retrenchments in Local Authority investment (itself not a new trend), and planning sector wide about how to respond to them and create new approaches to partnership and investment.

The sector remains too reactive to these established trends, and needs to become more proactive in establishing the facts on the ground, and then providing imaginative investment based pitches to key public sector partners to ensure they remain vital partners shaping the future of their communities.

The challenges identified also raise wider issues about the coherence and visibility of arts and cultural leadership. The 'What Next?' initiative suggests that there is significant appetite for the culture sector to work together to identify common concerns and agree joint inquiries and actions. The challenge is whether an organic movement can produce more formal initiatives and structures that can sustain and amplify the sector's influence, ambition and activity.

On these issues of leadership and action, the recommendations in this report are a possible starting point for the sector to come together. The aim should be to ensure that making the Plan A case for arts and culture isn't an activity driven simply by the alarm clock of the next public spending round, but rather the regular assessment of coherent sector wide priorities, based on a shared set of values and intentions.

John Knell

Yes, Britain's got talent, but is that enough?

An essay on art, commerce and the creative economy

Martin Smith, special adviser, Ingenious¹⁰

Introduction

“*The truth is that we are a very old country with a stellar arsenal of fine art, ancient artefacts, literary genius, civic institutions and curatorial skill, all now bolstered by world-class industries from music to fashion. And rather than be ashamed by this cultural inheritance, we now at last have the confidence and economic resources to celebrate it as a national asset.*”

The Observer, July 2008¹¹

It is doubtful whether any commentator would write about the UK's creative assets in quite such unrestrained terms in today's austerity-inflected climate. Some advertising folk still talk about the UK as 'the world's creative hub', a New Labour conceit to which Danny Boyle's Olympic Games Opening Ceremony gave spectacular substance on a glorious night in 2012, but this rhetoric doesn't always go down well in São Paulo, or Paris, or New York, or Shanghai – or other cities which feature prominently on the map of our creative exports.

The mood is less hubristic than it was in 2008. 'Yes, we're good at this stuff, and that's all the more important for our economy now that we have been damaged by the banks and their obscure financial derivatives and need to "rebalance". But the cuts are hurting and with more in the pipeline we absolutely have to find new ways of generating revenue' – would be the realistic view of many arts leaders. But what does this signify for sector ambition and sector advocacy? Amongst other things I think it means continuously renewing the relationship between art and commerce, rethinking the way in which we represent ourselves to policy-makers and politicians, and asking difficult questions about how we enhance British competitiveness in the global market for cultural goods and services.

Art and commerce have always made uncomfortable bedfellows. Promoters, managers, impresarios, agents, commissioners and lawyers, as well as patrons and state procurers, have forever loomed large in the financial lives of artists. It is instructive that Harvard economist Richard Caves' great book *Creative Industries*, first

10 The author writes in a personal capacity. He is also Managing Director of West Bridge Consulting, deputy chair of the trustees at St John's, Smith Square, and a former chair of the Young Vic Theatre Company.

11 Editorial in *The Observer*, 20th July 2008.

published in 2000, is subtitled 'Contracts between Art and Commerce'.¹² Caves gives us an extended anatomy of the film and recording industries in the USA, together with the commercial art market, book publishing and the visual and performing arts, illustrating just how fundamental contractual relationships and commercial partnerships are to the organisation of all creative enterprises.

Artist-entrepreneurs capable of managing their own business affairs successfully, and of building audiences for their work, as the composer-performer George Frideric Handel did in the cut-throat music world of 18th-century London, are rare: usually artists need to find partners – entrepreneurs, producers, venture philanthropists, sponsors, corporate backers or funding bodies – to pay the bills and allow them to focus on the work. Equally, in my experience, artists are as interested in money and commercial success as everyone else.

Handel was truly exceptional, and not just for his extemporisations on the organ. He also played the stock market with extraordinary skill and built up a considerable fortune, though not without also losing a lot of money on opera ventures along the way. I don't know whether he was acquainted with the The Royal Society for the encouragement of Arts, Manufactures *and Commerce* – he died only five years after it was conceived in 1754 – but there can be no more appropriate place than the RSA to host discussions and publish papers about the dynamics of the 'creative economy'.

My subject is the prickly, sometimes antagonistic but always necessary relationship between art and commerce, and its implications for public policy, especially the issue of competitiveness. However counterintuitive it may seem to some, competitiveness is crucial. As any Member of Parliament will tell you, hundreds of young people in their constituencies say they want to work in 'the creative sector' – if not actually by being rappers or film stars then by working as photographers, writers, fashion designers, actors, sound technicians, DJs, animators, coders or 'entrepreneurs'. Whether or not such opportunities will be available in significant numbers in years to come will depend not on whether as a nation we are 'creative' or talented enough (that is unlikely to be in question) but on whether we succeed in fashioning the policies and building the businesses required to enable us to compete successfully in global markets.

For several reasons this discussion is far from straightforward. The terminology of the 'cultural and creative industries' ('CCIs' as they call them in Brussels) is relatively new. It is also contested. Investment issues, to take an obvious example, are clearly critically important, but the way in which they are addressed and communicated can be highly divisive. This was chronically the case in Scotland in 2013 when 100 artists launched a fierce and unprecedented attack on the management and running of Creative Scotland leading ultimately to a demand for complete organisational change.¹³ The clumsy deployment of the argot of marketing professionals can get you into serious trouble in the company of poets and painters.

The conceptual landscape is genuinely confusing. By combining a range of previously distinct creative, commercial and professional activities and bundling them up as 'the culture industries', 'the cultural industries', 'the creative industries' or 'the creative economy', analysts have elided certain concepts that sit together somewhat uncomfortably. One thinks of the contrasting notions of cultural value and economic value, private markets and public infrastructure, price and beauty, data and aesthetics, personal identity and mass media, and

12 Richard Caves, *Creative Industries: Contracts between Art and Commerce*, Harvard University Press, 2000.

13 'Creative Scotland 'crisis' slammed by leading artists' www.bbc.co.uk/news/uk-scotland-19880871

entrepreneurship and collaboration. Add in the 'c' word, creativity, and the 'i' word, innovation, and you are soon in awkward territory with lots of square pegs being banged metaphorically into round holes.

It is hardly surprising therefore that many statements of public policy in this area have lacked overall coherence. Nor is it surprising that the creative and investment communities should largely fail to understand each other. Meanwhile much of the rest of the world, often still inspired by the two Department for Culture Media and Sport (DCMS) creative industries' mapping exercises of 1998 and 2001,¹⁴ a great British export, is scrambling to increase market share – often with the help of British strategy consultants and British cultural expertise.

The purpose of this essay, then, is to stimulate discussion about what needs to be done – not just by government but also by *us* – by the arts and culture community and by the wider creative industries' sector. My working hypothesis throughout is that, yes, to coin a phrase, *Britain's got Talent*, got it in spades indeed – both creative talent and allied technical talent – but that talent alone will not provide us with the competitive edge required if the UK creative sector is to play a significant part in rebalancing the economy.

My comments will necessarily be compressed, given the size of the canvas. Too much theorising is bad for the soul, so I shall illustrate my argument by reference to three initiatives with which I am associated through Ingenious, each aimed in some small way at helping us compete, create sustainable jobs and 'rebalance'.

1. The arts and culture sector in the wider creative economy

Economists have devised several taxonomies of the relationship between the arts and culture sector and the wider creative economy, none of which are universally accepted and all of which are contentious to some degree as to methods of classification and boundaries.¹⁵ For many years the main contours of the UK's creative economy have been officially mapped out by DCMS statisticians in their *Creative Industries Economic Estimates*, last published in December 2011. These *Estimates* showed that the creative industries contributed 2.9 per cent of the UK's gross value added (GVA) in 2009, equivalent to £36.3 billion (GVA + taxes on products – subsidies on products = gross domestic product). They also showed that 1.5 million people were employed in the creative industries or in creative roles in other industries, and that exports of services by the creative industries (again in 2009) accounted for some 10.6 per cent of the UK's total exports of services, equivalent to £8.9 billion.¹⁶ Some of these figures may be on the low side: the official evidence base is thought largely to discount the contribution made by the burgeoning digital creative sector: this is one reason why the DCMS has recently been consulting on classification methodology and procedures.¹⁷

14 The DCMS first grouped together 13 business sectors whose 'creative' commonalities had hitherto not been recognised by public policy in 1998. These became 'the creative industries' or the 'DCMS 13' and were: advertising; architecture; art and antiques; computer games; crafts; design; designer fashion; film; music; performing arts; publishing; software; and television and radio. This classification has subsequently been revised.

15 See *Creative Economy Report 2010*, UNCTAD/UNDP, Geneva, 2010, and especially chapter one, for a detailed introduction to the methodological terrain. The British Council publishes a much shorter but excellent introduction for non-specialists by John Newbigin: *The Creative Economy: an Introductory Guide*, British Council Creative Economy Unit, 2010.

16 DCMS, *Creative Industries Economic Estimates*, London, December 2011.

17 See Hasan Bakhshi, Ian Hargreaves and Juan Mateos-Garcia, *A Manifesto for the Creative Economy*, Nesta, London, 2013 for an ambitious, optimistic but also contentious account of the importance of digital businesses to the wider creative sector. This *Manifesto* comes very close to conflating the digital and creative economies, and understates the still enduring importance of analogue era business models to stimulating the flow of funds around the creative economy.

According to the most recent and authoritative study of the contribution to the national economy of the arts and culture sector defined more narrowly, carried out by the Centre for Economics and Business Research (CEBR), the sector provided an average 127,400 full-time equivalent jobs in the UK in 2008-11.¹⁸ The CEBR includes in its calculations the performing arts, artistic creation, book publishing, museums, arts facilities, sound recording and music publishing, and support activities to the performing arts. All such calculations are problematic to a degree but in any event tell only part of the story: it is generally acknowledged that the wider commercial creative industries' sectors, including the audio-visual industries, are cross-fertilised by the 'core' performing and visual arts in various ways, and that the vitality of the former is to a significant degree dependent on the continuous nourishment of the latter.

Equally, culture-related tourism, which is increasingly big business, has grown symbiotically with the enhanced marketing prowess of arts organisations and the mushrooming of the festivals trade. The CEBR estimates that the arts and culture sector supported 300,100 full time equivalent jobs in 2010 (1.2 per cent of total UK employment) once tourism-related multiplier impacts are taken into account.¹⁹ This labour market statistic rises to an astonishing 2,495,700 'creatively-occupied workers' (or 8.7 per cent of the UK labour force) in Nesta's 'dynamic mapping of the UK's creative industries',²⁰ although the methodology on which this calculation is based, embracing not only workers in creative industries like film, games, TV, advertising and the digital arts but also workers in creative roles *outside* the creative industries, is controversial.

Leaving aside the arid but important topic of employment statistics, it is clear that the boundaries between 'the arts' and 'the entertainment industries' are both porous and of reducing significance. Although a lingering snobbery about the distinction between 'high' art and 'low' entertainment persists in a few quarters, such views are increasingly dated and contrarian, and at odds both with changes in the pattern of cultural consumption and of everyday creative practice. The evidence base on employment pathways between the subsidised and commercial sectors is poor but improving slowly.²¹ Experienced commercial promoters don't need data to tell them how this all works of course, they simply *know*: the subsidised domain is deeply embedded in the commercial world.

Nonetheless the challenge of articulating what cultural value is, and what the economic value of culture is, and of being able to present a convincing account of the relationship between the two for the purposes of advocacy, has proved difficult. HM Treasury is generally sceptical, although Maria Miller, the Culture Secretary, on the basis that an additional cut of five per cent was better than would have been expected given equal treatment, felt able to claim success for a degree of ring-fencing for the arts and museums in the Comprehensive Spending Review of June 2013. An accompanying DCMS statement attributed this lesser cut to the Treasury's recognition of the importance of the arts to the wider economy: some hectic last minute lobbying does indeed appear to have paid off in this case.

In 2012 the Arts & Humanities Research Council (AHRC) embarked on a two-year research project, led by Professor Geoffrey Crossick, designed (though possibly only in small part) to help the sector in future spending reviews by producing a new analytical frame of reference. Such help is sorely needed: against the background of

18 *The Contribution of the Arts and Culture to the National Economy*, a Report for Arts Council England and the National Museums Directors' Council, Centre for Economics and Business Research Ltd., April 2013.

19 *Ibid.*

20 Bakhshi *et al*, *op. cit.*, p.31.

21 Creative & Cultural Skills (CCSC) and Arts Council England (ACE) are conducting research on such pathways.

deep cuts in total public funding, especially at the level of local government, the debate about the role of subsidy in sustaining the arts and fertilising the wider creative economy has intensified but not progressed. Outside the DCMS, its client base and academia, the signature paradigm is habitually characterised as the begging bowl rather than the investment case – a caricature assiduously cultivated by much of the right-wing print media but one for which we perhaps bear some responsibility ourselves.

Within the arts and culture sector some progression in the use of language is evident. In her valedictory address as chair of Arts Council England Dame Liz Forgan spoke of artists as ‘precious assets’ and declared that state funding (‘a modest investment’) pays back in ‘hard currency and tradeable assets’,²² perhaps implying that a more rigorous debate about the arts as asset classes might be timely. Meanwhile the editor of the *Evening Standard*, Sarah Sands, has spoken about subsidy as a ‘talent laboratory’,²³ in other words as a form of what elsewhere in the economy would be called R&D.

The Labour Party’s front bench team has avowedly banned the word ‘subsidy’: it talks now only about ‘investment’. The impulse here is admirable, but simply changing the words cannot disguise the fact that subsidy has often not been used as ‘investment’ in the strictest sense. Subsidy only qualifies as investment when it is deployed strategically as risk capital for the purpose of creating new work, developing talent, refurbishing or putting up new buildings, or bringing in new money.

More than £8 billion worth of lottery funding has been awarded to the arts and heritage sectors over the course of a generation and thus helped to present us with a truly magnificent national stock of cultural estate. This obviously qualifies as investment, though it is not government money. The Arts Council’s funding of some 700 national portfolio organisations provides essential investment in Ms Sands’ aptly labelled ‘talent laboratory’, but the picture has not always been so clear. As John Knell and others associated with the action-research group Mission, Models, Money (MMM) argued before the financial crash of 2008, subsidy often had the effect of producing negative outcomes in arts organisations in the form of compromised mission, complacency and lack of nerve.²⁴ This is an area of considerable recent improvement thanks to the resilience-building work of MMM, CidaCo, My Cake and others. Such work is of course itself a highly appropriate use of public subsidy – or ‘investment’.

To return to the cuts, which cumulatively will equate in 2014 to about a third of the funds distributed through Arts Council England during the peak funding year of 2008-09, we should be concerned not only about their direct effects on arts organisations, more resilient and more entrepreneurial though many of them now are, but also indirectly on commercial creative enterprise. The short-term impact on cultural capacity is already observable, especially in areas also hit by swingeing local authority cuts. What is less visible, less easily tracked and less well understood, is that public investment in the overall ecology of the arts is a key element in the long term overall success of the creative economy as a whole. This is not at all self-evident, but experienced commercial investors know that the subsidised sector plays an essential role in enabling experimentation and *creative risk-taking*. The private sector often – not always, but frequently – steers clear of this kind of risk. This is a classic case of market failure to which the UK’s system of arts subsidy provides an historically successful and well-tested remedy.

22 Dame Liz Forgan, *A Farewell to Arts*, 15th January 2013.

23 Policy Exchange, Policy Fight Club debate: ‘It is right to cut arts funding in times of austerity’, 18 March 2013. Sarah Sands was speaking against the motion.

24 John Knell, *Art of Living*, Mission, Models, Money, 2007.

The characteristic role of the private sector in much of the wider creative economy is to back successful creative risk taking. This is most clearly demonstrated in the film industry where the modest funding contributed by the BFI, BBC Films and Film 4 is nonetheless crucial to early stage project development. The pattern is broadly similar in theatre, dance, the visual arts and classical music. This organic, informal relationship between public risk capital and commercial funding is crucial given that we are all in the ‘hits’ and ‘misses’ business to some degree. The hits have to pay for the misses (that’s *show business*) and the cycle of investment in risk-taking has to be maintained in order to maintain the flow of new work.

What we currently have, still, is a delicately balanced financing ecology in which public and private funding combine in myriad configurations to deliver high quality new work, artistic and commercial success and tax revenues. But there is a serious risk that the funding cuts already decreed will result in fewer hits being created leading, in turn, to the attraction of lower levels of private investment and thus a fracturing of the mixed arts-funding model that has been developed over the last 20 years or so. Without wishing to appear alarmist I think it is easy to see how the triggering of such a vicious cycle could be seriously damaging to total creative capacity in the UK and act to the long-term detriment of our international competitiveness in cultural markets. We should, above all, take nothing for granted.

In a cooler financial climate the role of the producer/entrepreneur will become even more pivotal than it always was. This applies equally in the subsidised and non-subsidised sectors. We shall need more ‘alchemists of the impossible’, to use Kate Tyndall’s phrase. They are the initiators of projects and ideas, the forgers of partnerships, the long-term collaborators who have, in Tyndall’s words, ‘the judgement, nerve and inner reserves to take considerable commercial, artistic and financial risks’ while matching the ‘courage, risk taking and vision of the artists with whom they work’.²⁵

This is exactly right. We need to multiply the ranks of the producers, and especially producers who, by virtue of their familiarity with multiple financing arrangements and various business models in diverse cultural forms, are genuinely able to navigate their way across traditional genres and platforms. Many performing arts only, TV only, music only and games only models are fast becoming commercially unviable in a multimedia universe: the future will belong to producers who, Robert Lepage-like, are able to develop creative formats which draw on all of these disciplines.

Realistically this will demand practitioners, funders and investors to take innumerable small steps. At Ingenious we have partnered with the National Film and Television School (NFTS) to fund a new and, as far as we know, unique diploma in entrepreneurial producing.²⁶ The course is now up and running with a first cohort of students, taught largely by practitioners in the film, TV, games, publishing, theatre and music industries. It is work in progress, and only a start, but we hope that it will be expanded and replicated in due course.

We have also partnered with Arts Council England and the Esmée Fairbairn Foundation to fund an experimental talent and business incubation project called MeWe360, led by Kevin Osborne.²⁷ This is based on a hybrid business model – part social enterprise (a tiered membership club) and part commercial investment (a venture fund) – and is directed primarily, though not exclusively, at the Black, Asian and minority ethnic community. The

25 Kate Tyndall, *The Producers: Alchemists of the Impossible*, ACE/Jerwood Charitable Foundation, undated, p.2.

26 nftsfilm-tv.ac.uk/our-courses/diploma/entrepreneurial-producing-creative-industries

27 www.mewe360.com

aim is to seek out and mentor promising young artists and entrepreneurs and help them to develop investible businesses. It is an experimental but highly practical and rigorous social investment project which has the collaborative exploration of the interaction between art and commerce at its heart. Again, this is work in progress.

2. Arts, culture and the 'digital dividend'

Like most new creative enterprises MeWe360 has quickly developed a social media presence. As everyone knows the digital shift is having a profound effect on the entertainment business, reducing the marginal cost of the reproduction of recorded performance effectively to zero. Much of the effect is benign or positive if you happen to be in the content aggregation business (Google, Facebook, LinkedIn), and transformational for audiences, especially children (the joy of the digital concert hall), but some of it is also deeply problematic, especially in terms of its impact on artists and performers. From this perspective the commentary to which the shift has given rise, particularly in the tech blogosphere, is often contemptuous of cultural producers (who needs them anymore?) and depressingly myopic. Some of it, especially as regards the 'digital dividend' proposition, is commercially illiterate.

There is no dispute about the merits of 'going digital' for the purposes of building new audiences and enriching relationships with existing ones: mobile apps and Twitter, for example, have totally transformed the idea of cultural branding and brand engagement. This is as positive for museums and galleries as it is for the popular music business. The refreshing effect on many creative formats is also clear – even to the extent of enabling the development of new genres like mobile games and digital theatre. These formats are often based on innovative revenue models (micro-payment per streamed view, monthly 'all you can eat' bundles, 'freemium' and so on). In addition, digitalisation is having a major impact on what is actually a very old business model now known as 'crowd-funding' rather than as public subscription, as in earlier times. It is much less clear, however, that digitalisation will have a positive transformational impact (the 'dividend') on aggregate arts and culture sector revenues, as distinct from technology and media industry revenues: at the very least we should submit this proposition to critical scrutiny.

Consultants Tom Fleming and Andrew Erskine have correctly identified the process of digitalisation as a key structural factor in embedding what they call 'the arts ecology' into the wider creative economy, whilst also observing that 'the impact of digitalisation on business and revenue models for the great majority of arts organisations in performing and visual arts has to date not been of a scale to be transformative'. They attribute this shortcoming in part to the fact that funders 'continue to invest in yesterday's business model for yesterday's instrumental outcome'.²⁸

This criticism is both unfair and misleading. First, it ignores the fact that the impact of technology and digital 'disruption' is greater on some art forms, creative processes and creative industries than others. It has a relatively low impact on crafts for example (although in time this may change with the adoption of 3D printing techniques), a high impact on popular music, and a low to middling impact on the performing arts. The crucial point is that in different ways the performing and visual arts are both intrinsically labour intensive. The so-called Baumol Effect²⁹ applies: Shakespeare's *King Lear* still has 18 characters in it just as it did when the First Folio was

28 Tom Fleming and Andrew Erskine, *Supporting Growth in the Arts Economy*, Arts Council England, 2011, pp. 58 and 66.

29 Also known as Baumol's 'cost disease'. It was first analysed by the economists William Baumol and William Bowen in the 1960s

published in 1623, and it still takes four people to play a Beethoven string quartet. Many galleries and museums are also places of scholarship: new exhibitions demand the deployment of intensive research, curation, production and co-production skills. Pictures, sculptures and other artefacts have to be looked after. All of this severely undermines the potential for digital 'disruption' to cut costs in all 'old' cultural industry business models.

Secondly, the speed with which digital revenues are increasing as a proportion of aggregate consumer spending in the media and entertainment sector is actually rather *slow* across the piece, increasing from 20.2 **per cent** in 2008 to 28 **per cent** in 2011 and authoritatively anticipated to rise only to 37.5 **per cent** by 2016.³⁰ Many digital businesses don't survive and many more remain unprofitable: even YouTube only just makes a profit as far as one can tell. Many businesses only survive because they are cross-subsidised by 'old media' revenues, and while it is true that most sector *growth* derives from new digital models, the evidence is that traditional revenues will remain critical to sector profitability in many creative industries for years to come, the games industry being the stand-out exception.

Thirdly, the lesson from media business economics is that the much trumpeted advantages to new entrants of 'dis-intermediation', in other words the process by which producers can communicate with and sell directly to consumers by eliminating the middle man, is only part of a more complex story. New, even more powerful gatekeeper/intermediaries, Google and Amazon being the biggest, backed by the technical skills and financial firepower of Silicon Valley, have installed themselves into the value chain rapidly dictating market terms to their suppliers, are appropriating large amounts of value to themselves and effectively operating in some markets as monopolists. In such markets there is a clear tendency for the winner to take all leaving little or no room for new entrants, platforms or channels to compete.

Meanwhile on the content side the emerging picture on the internet is one of consumption being spread over an almost unimaginably expanded range of providers, from the professional to the defiantly home-baked, many of them chasing the same brand advertisers, and of an overwhelming preponderance of 'free' models. Anyone can have their own YouTube channel, and millions do. We are living in an environment of over-supply in which simply getting discovered is the biggest problem for new entrants. Making any kind of a living is exceptionally tough for artists on digital platforms: Spotify, for example, pays performers next to nothing – as Björk, among thousands of lesser known acts, has revealed. (Björk has spoken about 'a generation of musicians (who) haven't gotten paid for their music').³¹ This is all, perhaps, good news for consumers, at least in the short term, but not such good news for anyone planning on a 'digital dividend' in the form of a new arts platform or culture channel, the successful establishment of which, in competition not least with the BBC, would require access to risk capital on a very large scale in order to secure the required marketing penetration.

As the shift deepens many multimedia and multi-platform digital businesses will thrive and make good profits. There *is* potential for the arts collectively to share in this 'dividend', but we shall need to develop multiple new models of partnership if this potential is to be realised. The recent appearance in cinema formats of blockbuster museum exhibitions like the British Museum's *Life and Death: Pompeii and Herculaneum*, and the V&A's *David Bowie is happening now*, is just one pointer to future directions.

30 PwC, *Global Entertainment and Media Outlook: 2012-16*, p. 48.

31 Interview with *Wired* magazine, 14th October 2013.

Clearly therefore we *should* enthusiastically embrace the opportunities presented by digitalisation, but not by adopting a Panglossian or commercially uninformed view of the likely effects of the digital shift on overall sector finances. Digitalisation will provide the arts and culture sector with more diverse revenue streams, and some new models will become profitable, but there are a lot of 'ifs' here and it would be foolish to understate the degree of commercial difficulty involved.

The arts are certainly integral to the emerging multi-platform world, but the financial impact of digitalisation on the culture sector will in practice vary from art form to art form and organisation to organisation. The crucial factor will be just how skilful organisations become at managing their creative assets: there will be a premium on entrepreneurial thinking, commercial skills, forming the right kind of partnerships and being able to access the right kind of finance.

Financing the work remains the biggest challenge. At Ingenious we have invested in a company called Digital Theatre (DT),³² which brings the best of British theatre to a global audience via streaming, downloading and app technology. Robert Delamere, Tom Shaw and their colleagues are building a great business – one in which everyone concerned has high hopes. The specific challenge here is to build scale, in other words to create more shows, attract more 'eyeballs' and entice more paying customers. The shows are costly to produce, even with the latest, lower priced digital technology. The cost of production reflects the fact that actors are paid properly, and through negotiation with the unions – not a commonplace procedure in digital businesses. This production finance has to be raised. The point here is that it is significantly more challenging to develop a successful business by producing and marketing original content than it is (as in the example of Spotify) to build one which merely exploits content already in the catalogue.

In short, digital technology does have the potential to help arts and culture organisations to thrive and grow, but it should be seen as a means to an end, and as integral to business planning, not as a crock of gold at the end of the rainbow.

3. Competitiveness and the global opportunity

Digital Theatre seeks to exploit a competitive edge in an emerging global market – one in which superior American financial firepower is omnipresent. Does competitiveness matter? Yes, clearly to the DT management, and to our investors, and to our creative industries generally because countries like the USA, Singapore, South Korea, Indonesia, China, Brazil, Canada, France and the Baltics are investing heavily to enhance their own competitiveness in cultural markets.

The global market for cultural goods and services is growing rapidly according both to UNCTAD and (using very different metrics) to the consultants PwC. The fact that 360 million people around the world speak English as their first language and that another 1.1 billion people speak it as a second language gives us a certain marketing advantage. So does the depth, breadth and richness of our cultural traditions – from Shakespeare and Conan Doyle through to the Beatles and Damien Hirst. However, as the CBI has pointed out, 'international

competitors are chasing our success'.³³ We would therefore be foolish to rely on our natural advantages in the face of their determined attempts to increase market share by means of heavy public and private investment.

Competitiveness should matter to the arts and culture sector, not because it is a virtue in itself – in artistic terms it clearly isn't – but because it is the key to attracting investment. Investors prefer, where they can, to back success, and success is measured in part by achieving more buzz, more followers and fuller houses than the next place. It also matters because competitive success enhances the opportunity for cultural organisations to increase business capacity, improve organisational resilience, take on apprentices and ultimately offer sustainable jobs to the many young people who dream of working in our world. The much touted 'rebalancing' of the UK economy is unlikely to be achieved if we don't take the competitive challenge seriously.

Artists and cultural producers typically have their own perspectives on competitiveness: talent, as the author of *The Rise of the Creative Class*, Richard Florida, keeps telling us, is highly mobile.³⁴ We have a particular reason to know this in the UK: an astonishing 80,000 Brits live and work within a 50 mile radius of Hollywood – more than twice the number employed in the UK film industry. Our games and animation sectors have in recent years suffered a steady outflow of talent to Canada, France, Ireland and elsewhere due to a combination of factors including tax competition, attractive incoming employment packages and our own inability to scale up enough sustainable creative businesses. Talent goes where the work is, and many creative markets are intensely competitive.

We have lost many of the positions of global leadership that we held in the 1950s and 1960s when the UK could boast two world-class media and entertainment companies in EMI and the Rank Organisation. The reasons for this relative decline are far from clear, but 50 years later we cannot boast a single player to rival Disney, Bertelsmann or Vivendi in the global audio-visual market. There are a few British success stories on the corporate front, but not many. Double Negative, Europe's largest provider of special effects for the film industry (*Inception*, *Harry Potter and the Deathly Hallows Part 2*), is a rare current example of globally competitive business scale in the UK's creative economy. BBC Worldwide is another success, but as a business the BBC is of course uniquely privileged through the licence fee.

In general, truly international competitive scale is remarkable by its absence with some 90 per cent of the UK's 180,000 odd creative enterprises employing four people or less, according to government figures. In the arts, typical firm size is even smaller. Some commentators have talked about a 'missing middle'. Most chronically under-capitalised micro-businesses exist on a permanent treadmill of project funding. They finance their creative work off balance sheet, failing to hold on to much if any of their intellectual property (IP) because they are obliged to trade IP for cash in order to survive. IP is the key to sustainability in creative *content* businesses, as distinct from creative *services* businesses; without owning any IP it is usually impossible to grow. The result is that British creative businesses effectively gift profits to global media corporations based overseas, thus (among other things) failing to pass on to HMRC the fruits of the many commercial successes that flow from our creative talent and ideas. This is a clear manifestation of the consequences of paying inadequate attention to competitiveness issues.

33 CBI Creative Blueprint Project: presentation to the Institute of Chartered Accountants in England and Wales (ICAEW's) Entertainment and Media Conference, 3rd July 2012.

34 Richard Florida, *The Rise of the Creative Class, Revisited*, Basic Books, New York, 2011.

Is this inevitable? Some people in the media world argue that we should stop worrying about such things and just accept that we operate at one end of a successful entertainment business axis stretching from Los Angeles to London via New York, and be grateful for the work that comes our way. On this view we are a highly successful 'offshore' facilities house with some rather exceptional talent attached. This attitude would seem to score rather poorly on national ambition, not to mention creative possibility. Inward investment from the USA is always welcome of course, but we shouldn't depend on it as a matter of invariable strategy: it would be withdrawn soon enough if the dollar exchange rate were again to approach two dollars to the pound, which – lest we forget – it comfortably exceeded under Mrs Thatcher in the early 1980s.

4. Public policy: from *Staying Ahead* to falling behind

This brings us to public policy. The UK, alongside Australia, once enjoyed a global lead in the creative sector and creative industries' policy-making rooted in the 'mapping' work carried out by the DCMS during Labour's first term, 1997-2001, which transformed the terms of public debate and went some way to establishing an entirely new policy paradigm – less begging bowl and more jobs and employment. The publication of *Staying Ahead: the Economic Performance of the UK's Creative Industries* by the Work Foundation in 2007, with its interdisciplinary approach, global perspective and attention to economic 'drivers', was possibly the high watermark of this 10-year period of innovation and intellectual leadership.³⁵ Commissioned by the DCMS and led by Will Hutton, the *Staying Ahead* team brought a degree of analytical rigour to ideas that in earlier work had frequently been characterised by brilliant political marketing but not much business economics.

There followed in Labour's third term a succession of documents and initiatives that failed to live up to the promise of its ambitious Creative Economy Programme (CEP), launched by James Purnell in 2005, possibly because the job of culture secretary changed hands three times in three years between 2007-10. There were some bright spots, including the inauguration of an extensive programme of knowledge transfer work by the Technology Strategy Board (TSB), and the publication in two instalments by the Department of Business Innovation and Skills (BIS) in 2009 of *Digital Britain*,³⁶ notable for its flow of funds modelling of the UK creative economy (at a claimed £55.6 billion), but better remembered for its association with the controversial and still largely unimplemented provisions of the Digital Economy Act on copyright enforcement.

The Coalition government set out with a great declaration of intent,³⁷ but this was not accompanied by any statement of broad competitive ambition or strategy. As Culture Secretary, Jeremy Hunt focused on high speed broadband and 'doing something about copyright', but also on cutting arts funding, which as early as July 2010 he appeared to be planning with some relish. Good work continues to be done at arms-length from government, especially in the unglamorous but crucial area of skills and training, but there is now an alarming shortage of creative industry expertise in government.

The UK no longer has a global lead. Tom Campbell, who blogs for BOP Consulting, a firm which has an international practice in this area, has commented on 'a sense of drift and incoherence affecting the sector'.³⁸ It is arguable that more innovative thinking now takes place in Singapore, Shanghai and Seoul than in Whitehall. Useful and practical programmes of activity, including some ground-breaking research, are being conducted

35 *Staying Ahead: the Economic Performance of the UK's Creative Industries*, The Work Foundation, 2007.

36 *Digital Britain*, Final Report, DCMS and BIS, London, 2009.

37 HMT (2011), 'The Plan for Growth'. cdn.hm-treasury.gov.uk/2011budget_growth.pdf

38 Tom Campbell, BOP blog, 2nd April 2013, www.bop.co.uk

outside government by Arts Council England, the Technology Strategy Board, Creative England, Nesta, the Arts & Humanities Research Council and Creative Skillset, but this largely siloed work badly needs to be led, joined up and given direction if we are to come up with a credible strategic plan for enhanced competitiveness, and not just end up with a catalogue of forgotten reports and abandoned initiatives.

In theory, that leadership could be provided by the Creative Industries Council (CIC), set up by the Coalition government in response to lobbying by Feargal Sharkey, then CEO at UK Music. However, as presently constituted its eclectic membership, which straddles businesses in content, services and distribution as well as global technology firms, US 'majors', broadcasters, trade associations and professional bodies, is too diffuse, and crucially it commands no resources of its own. The CIC is certainly a useful network and sounding board but its dependence on voluntary contributions implies that it is viewed as a low political priority by government – one that is hardly commensurate with ministerial rhetoric on the sector's national importance.

In 2007 we concerned ourselves with *Staying Ahead*. Even then there were those who said we should be focusing more modestly on *getting ahead*. Without a change of gear we may soon have to concentrate on *catching up*.

5. Grasping the opportunity

In trying to develop an argument about the competitiveness of the UK creative economy I may already have lost some in the arts world who, finding such commercial talk distasteful and bruised by the cuts which have already come through, insist that the arts have nothing to prove, that culture budgets should in *all* circumstances be treated as sacrosanct and even, as a few readers of *The Stage* have occasionally suggested, that the considerable tax revenues generated by arts organisations should be hypothecated for their own exclusive use. 'We are different, this is *culture*' – is an argument that still resonates widely, but one which is philosophically and politically objectionable to anyone who believes that the arts are *of society*, and must reflect what happens in society, not be something apart from it.

In every political cycle, however tiresome it may be to those who have been round the course before, of whom there are many, especially in the universities, we have to reframe the arguments for public investment in the arts and wider creative economy because the political and economic context changes and public attitudes cannot be assumed to be a constant. Such arguments are always likely to draw in part on Enlightenment values about what it means to be human (the moral argument), arguments which of course have a particular resonance here at the RSA, and in part on an affirmation of the contribution the arts make to community well-being through their engagement with education, health, prisoner rehabilitation and other important programmes (the social argument). Some civic indication of the persuasiveness of these arguments may be provided by the 'What Next?' movement, started by David Lan and others at the Young Vic in London in 2012, as it evolves through direct popular engagement and develops a decentralised presence around the country before the next general election. However, the overarching case should also embrace, and be informed by, a better understanding of the role that the sector can play in a 'rebalanced' UK economy, stimulating tourism, attracting new investment and creating jobs (the economic argument). It is the logic of this third argument that calls for an industrial policy for the creative sector as a whole.

In April of this year my attention was caught by a policy document published by BIS: *Lifting Off: Implementing the Strategic Vision for UK Aerospace*, subtitled 'An industrial strategy for aerospace: implementing a shared

government and industry vision for the sector'.³⁹ The fanfare of publication was accompanied by a £2 billion spending commitment over seven years and the creation of an Aerospace Technology Institute. It prompted two obvious questions: is the cultural and creative sector less strategically important than the aerospace sector for the future of the British economy, or just less well organised? My answer is 'no' to the first question, and 'yes' to the second.

In her Arts Council leaving address Liz Forgan ruefully remarked that 'all culture secretaries are on a hiding to nothing with the chief secretary at spending review'.⁴⁰ It would be hard to match that as a sign that for all the rhetoric about being 'the world's creative hub' and delivering world-class creative industries, just as creatively we punch *above* our weight in global markets, so at home we punch *below* our weight around the Cabinet table. How can we change that and achieve some kind of parity with the aerospace and other sectors of broadly comparable economic weight?

Industrial policy is back in vogue, so the ambition is not entirely fanciful. We are entitled to call for a more strategic approach from government to supporting the creative sector, one which is commensurate with its contribution to the national economy and focuses less on quick political wins and the occasional small hand-out, welcome though these may be. What we need is a plan to help us take a larger share of the growing world market for cultural goods and services: this must surely be the policy goal, but devising and negotiating such a plan successfully with government through a new approach to partnership, will demand a more cogent, coherent and above all *credible* approach to case-making on the part of the creative sector than it has hitherto achieved.

This poses an obvious challenge. The creative sector is not homogeneous and has rarely, if ever, spoken with a single voice. It has always lobbied as the film industry, or the music industry, or the games industry, or 'the arts'. Nor has it been able to put together a coherent investment case – one that unites, persuades and would compel attention from BIS and HM Treasury. Although the DCMS has reasonably been able to claim that the June 2013 spending review settlement was less bad for the arts than feared, this was essentially a defensive success, a tactical victory of sorts and very welcome, but not remotely the outcome of any long term strategic thinking for the creative economy as a whole.

Assuming that there is a sufficiently high level consensus within the wider sector for attempting to construct such an investment case (and there may not be), refining that case and then building support for it across the various 'silos' would not be easy. It would make sense to mitigate the intrinsic difficulty of establishing common ground by focusing, initially at least, on core artistic and creative *content* – 'acts of expressive value' as *Staying Ahead* called them. It is primarily these intangible assets that differentiate us from our international peers, providing the 'fuel' that fires the rockets of old style distributors and new distribution platforms alike. This is not in any way to disparage the case for supporting our creative *services* businesses – in design, architecture, advertising and so on – but rather to assert the very different challenges faced by investors in developing strategies for competing successfully in global media and entertainment markets.

Across the creative sector as a whole the foundations for building growth are strong (powerful cultural brands, abundant talent and a passion for doing things well) but should not be assumed to be dependably world-

39 *Lifting Off: Implementing the Strategic Vision for UK Aerospace*, BIS, London, 2013.

40 Liz Forgan, *op.cit.*

beating if neglected. Much of the UK's formidable stock of cultural assets is institutional in the form of museums and galleries, universities (including the former colleges of art and design), a fistful of distinguished teaching academies, the BBC and the great national and regional performing companies. These assets are much admired internationally and are crucial to the continuing vitality of the whole sector, as Geoff Crossick reminded us in a speech at Goldsmiths in January of last year:

*...without a vibrant artistic and cultural sector at all levels there would be no successful creative economy. The vibrancy of the cultural world as a whole suffuses all kinds of activities with the imagination that makes the country's commercial creative economy full of ideas, innovation and success.*⁴¹

Yet we are in danger of allowing these institutional assets, and especially these educational assets, to depreciate slowly through under-investment. Some may think this unduly alarmist, but falling levels of public investment are an observable feature of the contemporary scene.

Outside the public realm, other foundations are perhaps more fragile, especially in conditions of reducing discretionary consumer expenditure. Just as many arts organisations have abandoned their fears of a compromised mission and are now focusing, with some success, on 'resilience', innovating to diversify their revenue streams, so many of their counterparts in the wholly commercial sector need help in focusing on financial 'sustainability' – which means much the same thing. As I have argued elsewhere, in spite of obvious mission differences the business challenges faced by commercial and not-for-profit organisations are often remarkably similar.⁴² Whether we call it 'capacity-building' or 'resilience' or 'sustainability' the consequences of failure will likely be much the same – inadequate business capacity, diminished competitiveness and an exodus of talent. Necessarily therefore the broad economic case to be constructed by the creative sector must also focus on what in the private sector is called 'investor-readiness.' How do we encourage more of our myriad micro-businesses to scale up, and what might be the role of economic intervention in promoting this?

Such questions take us deeper into the territory of industrial strategy and suggest a possible way forward. Just like the aerospace industry (and the nuclear, oil and gas, off-shore wind and life sciences industries, among others), we need an industrial strategy for the cultural and creative industries based on a fuller understanding of the dynamics of the creative economy and on a formal partnership with government. On our side this will require a decisive rejection of what is in some quarters a long established mind-set: the investment case has more persuasively and more comprehensively to replace the begging bowl. In this sense we have to move decisively beyond the narrative set out in the great DCMS mapping exercises of 1998 and 2001 by focusing more on arts and creative industry *investibility* as the key to establishing credibility with government and investors alike. In short, in policy wonk-speak, we need a new paradigm.

Do we qualify to be considered for such a partnership? According to BIS the key government criteria for sector partnership are: size and opportunity for future growth; existence of barriers to growth; and scope for government action. Tick, tick, tick! Do we have a fully articulated investment case? No, and this is the stumbling block: formal partnership with government is unlikely to be offered until we have made more progress in case-building.

41 Professor Geoffrey Crossick, speech at Goldsmiths, 12th January 2012.

42 Martin Smith, *Arts funding in a Cooler Climate*, Arts & Business, London, 2010, pp.16-17.

What is required to enable us to build this case? I don't presume to have a complete answer to the question, but clearly articulated sector ambition, proposals to achieve greater mutual understanding between the creative and financial communities, new thinking on the strategic value of cultural assets and an honest recognition that there are industrial weaknesses to be addressed, are each likely to feature on the agenda for establishing any critical path to partnership – to be weighed against a thorough analysis of the global market opportunity.

Now is the time to plan for a new kind of investment-driven partnership with government. To answer the question posed in the title of this essay, talent – creative talent – is *not* enough to grow and sustain arts organisations and creative businesses, and to build a competitive creative economy, even if we continue to produce it at scale and at the highest levels of quality. Investment is the key. In hard times it is foolish to imagine that any government will future-proof the arts sector or any other part of the domestic creative universe with public money: bigger cheques are unlikely to be written if we do not ourselves demonstrate greater unity and strategic vision.

A new grand partnership between schools and the cultural sector – the realities and possibilities

Sue Horner, Leader in education and the arts
and Chair of the RSA Academies Board

Introduction

The need for the arts to form grand partnerships and new alliances to flourish in the years ahead was a theme raised by Peter Bazalgette in his inaugural lecture on joining Arts Council England (ACE). In response RSA and the Arts Council organised a series of seminars, for which the pragmatic rallying call was that the arts and cultural sector has to refresh the public and private investment case for the arts – engaging with sceptics from outside the sector – and being steely eyed about how to maximise the contribution of the arts and cultural sector. This paper was first discussed at one of the seminars, and has now been developed in the light of comments then and by others since. It contains a series of practical recommendations which could transform young people's experiences of arts and culture to their benefit and the wider good of society and the economy.

The starting point for this paper is that the grand partnership between the education and cultural sector needs urgent attention. The recent cuts in central and local funding to the arts sector and the future prospects of a reduction in the number of funded organisations, particularly National Portfolio Organisations, put in jeopardy the capacity of the sector to fulfil its ambitions in relation to children and young people. The position for schools is rather different in that their budgets are more safeguarded and even, in some cases, increased by the pupil premium.

What has happened to school spending on arts provision in this new climate is difficult to gauge. Of course many head teachers value the arts and culture in schools – as evidenced by the 21 per cent who hold Artsmark – and there are examples of schools with remarkable quality provision. However, it is clear that many schools do not have arts activities and cultural understanding as an integral and major focus of their provision.

Is this because some of these head teachers remain unconvinced of the benefits of a full spectrum of cultural education? My experience suggests that the bigger issue is that most do not see the need to prioritise them in the welter of competing demands and pressures. Or they do not have enough knowledge about the networks and routes into commissioning quality provision or recruiting expert staff.

Therefore if partnership is to flourish, both sides will need to think harder about the conditions for shared success, and on removing the barriers to forging long-term sustainable relationships. Are the emerging reforms likely to help or hinder these necessary activities?

1. Agendas for change

The government's recent Cultural Education Plan sought to show how the Henley Review⁴³ agenda could be taken forward, though little in the way of action was promised. There was much to be welcomed in the Henley Review, and from a grand partnership perspective particularly the recommendations for:

- the creation of a Cultural Education Partnership Group (CEPG), which could include Arts Council England, the Heritage Lottery Fund, the British Film Institute, the Big Lottery Fund and English Heritage
- the development of local cultural education Hubs, possibly through the expansion of the ACE bridge organisations
- a call for school senior management champions and for cultural education governors in all schools
- cultural education ambassadors to be appointed to meet with ministers and publicly promote cultural education
- funding for Teaching Schools to support and develop teacher training and professional development

But viewed from my position as chair of RSA Academies Trust, these and other recommendations are only likely to deepen the partnership if Henley's opening recommendation – on a 'broad cultural education for all children' – is something that ministers, schools and the cultural sector can bring to life in real and publicly accountable ways. Henley recommends that:

There should be a minimum level of cultural education that a child should expect to receive during his or her schooling as a whole. For children to leave full-time education without having engaged in the spectrum of cultural education ... would be a failure of a system which sets out to create young people who are not only academically able, but also have a fully-rounded appreciation of the world around them.

This minimum level of provision needs to be defined and put into action by the education and cultural sectors working together alongside other key partners. The statutory requirements and monitoring structures for all schools and settings need to support such provision to ensure that the baseline commitment reaches every child.

But, as I write, this commitment is not secured, and indeed could be thought to be undermined by the government's curriculum and examination reforms. Whether it comes with statutory underpinning or not, if we are going to reinvent the arts-education partnership this must be the focus of our efforts. Delivering on this aspiration is going to require some real shifts in the practices of both schools and the cultural sector.

Thriving arts provision for every child through a more extensive set of partnerships will not be driven by central funding or prescription but by positive, local, working relationships where creative practice is valued and respected by schools, and where the wider roles and responsibilities of schools are supported by arts practitioners

43 Henley, D (2012) 'Cultural Education in England: An independent review by Darren Henley for the Department for Culture, Media and Sport and the Department for Education' DfE

and organisations. There are attitudes to be confronted, barriers to be overcome and new ways of working together established.

This paper examines what this means for both sides of the partnership – in terms of different ways of thinking and acting. While case making is important – clearly better evidence of the benefits of cultural education is helpful – the bigger challenge for the cultural sector is to deepen their common agenda with the education sector, and their ability to work together effectively.

Despite the current financial constraints, or even because of them, there is now a significant opportunity to remake cultural education in our schools if we can reinvent the partnership.

2. What do the Arts offer to schools?

Can a school be deemed successful if it does not have a strong and sustained approach to arts and culture? If the accountability measures and inspection criteria for schools are a guide then yes. What takes priority is literacy, numeracy and good behaviour with some other subjects, notably sciences and humanities, being deemed as more important academically. The national curriculum was originally conceived as safeguarding a broad and balanced curriculum with a mix of basics, sciences, humanities, languages, creative and practical subjects. This included an entitlement to the arts and an insistence on access and opportunity to participate in them. It also offered guidance on recognising achievement in arts subjects. But this has been lost. So schools now have policies about English and mathematics, about classroom management and a lot of other issues, but few have a robust policy on the arts and a cultural offer for all their children and young people. They do not have a developed, working model of how arts and culture can augment and transform the wider curriculum offer.

What should such a policy look like? It should be visionary, firm but flexible and imaginative, offering sustained and purposeful opportunities that excite young people and are accessible to all.

Such rhetoric is not difficult to use but can only be meaningful if it is based on some fundamental understandings of what the arts offer and why they matter to young people in schools. Such understandings include:

- arts are good for young people – their development personally, socially, emotionally
- arts offer skills in communicating which are not learnt in other ways – listening, playing, seeing, watching and interacting, performing, devising, designing and composing, making, writing and doing
- arts can meet pupils' needs and raise levels of attainment more generally
- arts experiences encourage independent learning and pupils' motivation to learn
- arts offer employment and career prospects which extend opportunities for young people
- arts are good for a school's reputation – a profile locally or nationally, celebrating different kinds of achievement
- arts can help make positive links with parents and communities
- cultural experiences may encourage participation in cultural activities later in life
- progression in arts is achieved through carefully prepared lessons and experiences which contribute to greater understanding and skill, not through a series of serendipitous occasions

These are not about the intrinsic value of arts and culture. They are about what the arts and culture can do for individuals and schools. An area in which evidence is now being provided is the impact of the arts on wellbeing. Ros McLellan, Maurice Galton, et al, say:

If we are simply interested in concocting sets of positive education 'results' as a possible predictor for future economic prosperity, then it is likely wellbeing will be squeezed out of the picture. However, if we are interested in helping to develop future generations of flexible thinkers, who are resilient in the face of challenges, who can marshal a repertoire of skills and knowledge when moving between tasks of different types and complexity, then the learner's sense of wellbeing will be key.

The range of educational initiatives (in their literature review) all seek, in their own way, to inculcate a sense of pupil autonomy, self-regulation, 'possibility thinking' and the willingness to take risks while learning, particularly when tasks retain a high degree of ambiguity. Evaluations of such initiatives share a common finding. We see that students' confidence grows, they begin to think better of themselves and recognise their own potential to improve. This, in turn, means they are able to work more effectively both individually and socially.⁴⁴

Specialists in particular subjects may well be committed to the inherent worth of their artform, but the justification for the leadership of a school to devote more time and money has to compete with many other priorities. Many think in very direct ways so, for example, tackling behaviour and discipline is about rules, rewards and punishments, routines and norms, without considering that a rigorous drama curriculum might sort out a range of ways to behave acceptably in pressured circumstances, and that creative urges which result in deviation from rules might be channelled into practical projects. What McLellan and Galton found was that 'the arts did away with (or reduced) the need for rules and behaviour management. Through art projects pupils felt better about each other, respected the individual contributions and there was less need for interventions designed to prevent confrontation, loneliness etc. In short pupils became more responsible for their behaviour towards each other as well as for their learning'. They also found improvements in intrinsic motivation even extending to subjects which usually get low enjoyment ratings.

The potential for arts learning and participation to improve students' life chances, their skills, their wellbeing, their ways of thinking and social interaction should not be ignored. The arts' contributions to school life, both in attitudes to learning and behaviour, as well as providing a focal point for school cultural achievement, need greater recognition. The benefits are of particular significance to those who do not have ready access to cultural life through their homes. The inclusion of those with particular needs and from different groups is very important for those who chances of participation are low unless schools provide them.

So schools themselves have to think creatively in providing for their young people and this will probably involve taking risks too.

3. A school arts policy

A school arts policy with a robust cultural offer for all will encompass provision for study within the usual curriculum timetable, clear offers for all pupils to be involved in further experiences outside the school day, and

44 McLellan, R., Galton, M., Steward, S., and Page, C., (2012):The Impact Of Creative Initiatives On Wellbeing: A Literature Review, CCE

further opportunities which reach beyond the school to the community and the wider world. Even the first of these is not a simple proposition.

Curriculum provision means expert and specialist teachers offering meaningful and creative development, usually in the traditional arts subjects. In secondary schools this includes finding the qualifications which suit the provision and offer good chances of success. In primary schools, where there are few specialist teachers, high quality arts teaching is more of a challenge. In addition to the 'usual' timetabled provision, there need to be visits to galleries, museums, libraries, theatres, concert halls etc., for young people to have quality cultural experiences. Residencies by arts practitioners and visits by individuals and groups, to engage with children and young people are another important part of optimal standard provision.

Other ingredients in a full arts curriculum include bringing in those who work in a range of industries to show the relevance of arts skills in the workplace, and providing for arts days where pupils are off timetable to participate in arts activities outside the classroom or for longer than a lesson.

Further opportunities outside the school day may not mean that every pupil is involved, but after school clubs, rehearsals of orchestra, dance and theatre, art projects, performances and displays also show a school's commitment to cultural participation. These activities offer other possibilities – forging links between the arts, using more unconventional and innovative artforms, fewer constraints of time and classroom expectations.

Involvement in competitions between classes or year groups can encourage risk taking, and involving others from the local community adds a new dimension. Of course celebration of achievement, on the school intranet, the website, in exhibitions, evening celebrations and performances, is integral to giving the arts a status in school life.

This all sounds highly desirable but it will not generate or sustain any kind of ongoing cultural commitment if the school's results in tests and exams are not deemed good enough. Even where they are good, a provident school will have its rationale for thriving arts work ready for the Ofsted inspectors. It will have evidence of the outcomes and impact of the arts, in a range of measures, including well being, participation, general levels of attainment, destinations in educational choices or in employment, how skills are applied in different circumstances and valued by local employers. This is demanding in terms of time, money and the drive for constant improvement.

3.1. A minimum programme

In the same way as other subjects have schemes of work, resource allocations and targets, those responsible for the arts need a clear set of expectations for its core offer for all pupils. As a first-base expectation schools should make sure that all pupils study the arts, and at least one subject up to the age of 16, taught by teachers who are committed to their artform and to providing young people with excellent arts learning. It is fundamentally important that creative and imaginative development of young people's learning and skills is provided for all.

For each year group, this might include as a minimum in a year:

- one innovative arts-related project for each class
- a residency of an arts practitioner who works with classes over time
- a visit to a cultural venue or a special arts event in school
- extra-curricular provision and celebratory events

This will require a designated person, for each year group, to ensure the programme is delivered, who can take advantage of new opportunities as they arise, makes connections between teachers and practitioners, and who has responsibility for those pupils who are particularly talented to make sure they are provided for. This level of arts provision is rare.

4. What's the current picture?

The current position is not particularly encouraging. There are supports for schools seeking to improve but there are contrary currents and disincentives.

Artsmark and Arts Award

The Artsmark and Arts Award programmes offer key tools for improving school provision. Schools and colleges constitute about 44 per cent of the organisations which run Arts Awards. Just over 19,000 Arts Awards were completed in 2011/2012 rising to over 22,000 in 2012/13 and more than 70 per cent of these were achieved in schools or further education colleges. The distribution of these awards shows the greatest take up in London, the south east and the north west of England.

The Artsmark criteria and process are a very useful way for schools to evaluate their provision and move forward. Schools have reported that they have used Artsmark to raise the profile of the arts, audit current provision, broaden access and gain internal support for the arts. Fourteen per cent of primary schools, 22 per cent of secondary schools and 16 per cent of special schools currently have Artsmark status. Again, distribution is uneven, with the north east and north west reaching 17-20 per cent of schools, with London, the south east and the south west following at 15 per cent.

Bridge organisations

The latest initiative supporting the interaction between the cultural sector and education is the network of 10 bridge organisations, which are tasked with connecting schools and communities with the cultural sector, including museums and libraries.

Until April 2012, bridge organisations had been gaining a picture of the current cultural education offer, including the context and demand for relevant arts and cultural opportunities for children and young people.

From April 2012, Arts Council England has defined the role of bridge organisations as being to:

- build and facilitate networks across the arts, culture and education to ensure ongoing dialogue
- be the first point of contact for schools that are developing their arts and cultural offer
- help schools identify and access the right arts and cultural opportunities
- help national portfolio organisations (NPOs) and other arts and cultural organisations, including museums and libraries, bring the cultural experiences to more children and young people, helping them to connect with schools and to identify opportunities for new commissions
- help NPOs and other arts and cultural organisations to identify investment opportunities from local authorities, local businesses, trusts and foundations – so that they can enhance the offer they make to children, young people and families
- develop the reach of arts and cultural experiences and the numbers of people engaging with them through Artsmark and Arts Award

These are ambitious aims for the bridge organisations. They are, it seems, coming to grips with what is going on in their regions, but the provision of advice to individual schools on any scale, seems likely to be beyond their capacity. Overviews of provision in a region, setting up networks of the willing schools and offering strategic direction are very helpful functions, but persuading individual schools to change their priorities and make significant changes takes a lot of time and effort, and requires often longer standing and more intensive relationships than are available to the bridges.

A defining challenge for the bridges will be to find a way of influencing a complex set of stakeholders in a region when they don't have much funding or formal oversight functions. This influencing role is crucial to providing a strategic direction within which schools, cultural providers, and others can work effectively.

Broader opportunities

There are opportunities for young people to learn skills which will improve their chances of employment, not all of which are within schools but from which schools might learn. Impact Arts in Glasgow offers courses to learn technical arts skills in areas such as fashion or furniture making. Immediate Theatre offers development in arts administration, facilitation and marketing in East London boroughs. Phakama offers a year-long training programme in such aspects as stage design, budgeting, lighting, sound and front of house to 18- to 24-year-olds. This provision is, however, very localised and not widely accessible.

School trends

The recent picture as judged by examination entries is not encouraging. According to the *English Baccalaureate* research by the Cultural Learning Alliance (2013):⁴⁵

- GCSE entries in arts subjects have fallen 20 per cent in the last decade, and continue to fall
- fifteen per cent of schools surveyed withdrew one or more arts subjects (arts subjects art and design, drama/performing arts, media studies, music, technology/design technology, textiles as defined by the Cultural Learning Alliance)
- the English Baccalaureate (EBacc) is having an adverse effect on arts subjects in schools. Fifteen per cent of schools surveyed by Ipsos MORI in 2012 had withdrawn one or more arts subjects as a result of the EBacc. Twenty-one per cent of schools with a high proportion of free school meals (FSM) reported withdrawing arts subjects
- twenty-one per cent of schools with a high proportion of FSM withdrew one or more arts subjects compared to eight per cent of schools with a low proportion of FSM
- ten per cent of schools with a high proportion of FSM had withdrawn drama as a subject or course compared to three per cent of schools with a low proportion of FSM

The decline in entries in schools with high FSM numbers is particularly discouraging since they are likely to have more pupils who will not pick up arts engagement and participation by other routes.

The picture has always been very mixed. However, with current disincentives, it seems that schools' commitment to good arts provision is declining – less teaching time, fewer are bringing practitioners invited to classrooms, fewer trips to museums, libraries and galleries. It seems that the demand for teacher professional development in

45 Cultural Learning Alliance (2012) *'Henley Review of Cultural Education – Cultural Learning Alliances: Response to Government*
Cultural Learning Alliance (2011) *ImagineNation*

the arts is mirroring this, with the new teaching schools not offering courses even where they have the track record in arts, due to lack of demand from other schools. There also seems to be evidence that very few teachers with a specialism in the arts are being appointed as senior leaders in education.⁴⁶

5. What do schools need to be successful arts providers?

It seems that that some schools, such as those using Artsmark, and small groups, like Heads for the Arts, may be bucking the trends. But for a wider reversal of this trajectory, a range of changes will be needed. This is not just a question of changing schools' minds. It's about the wider ways cultural organisations can work together with education to ensure young people have a full cultural learning offer. What are the considerations for schools?

Costs

Firstly, all head teachers say 'money'. The ideal provision is costly. Real money is needed to pay for residencies, visits to school, tickets and transport to venues, training for teachers, resources for pupils to use. Then there is space, such as studios or performance spaces, which need to be lit, heated and so on.

Another major cost is in time – time for teachers to set up, undertake and evaluate arts experiences, time to make strong links with cultural organisations, local authority providers, brokers of arts participation and employers and businesses.

A further significant cost is the senior member of staff who acts as arts coordinator and has designated time to make contacts with cultural organisations, to involve parents and the community, to champion initiatives and solve problems. This is the internal broker who drives the programme. This person organises residencies, negotiates practical matters, is proactive in finding suitable experiences across the curriculum and has the authority to make decisions.

Status

For arts provision to thrive, the current assumptions about its value have to be challenged. In the face of contrary emphases and policies, a school has to give status to the arts as a non-negotiable part of school life. Head teacher leadership and support is essential and if it is half hearted there will be decline. The senior leadership team also needs to support the policy and to engender general staff support and participation. The messages conveyed by staff participation in the choir, the reading group, the photography club and helping with productions make a difference to pupils' views.

Teachers of the arts need to be expert and in touch with developments in their artform. Their personal commitment underpins what makes arts lessons inspire and engage young people. Where this does not exist, for example in many primary schools, training and teacher development is essential. Teachers also need to have a grasp of real world practice and use in the artforms and what sorts of careers are open to young people who are interested in the arts. Creative and Cultural Skills are sponsoring events which aim to give pupils an experience of real life roles in the arts world, often in backstage and technical skills rather than the 'artist' role.

46 See CapeUK *Opening doors: a review of opportunities for arts and culture in the new education landscape of Yorkshire and the Humber 2013*

Recognition of the potential and significance of the arts for young people and for the school is the only basis for successful practice.

5.1. Why isn't every school committed?

There are, of course, myriad reasons why schools do not invest in high quality cultural provision. Probably top of the list is a failure to see the value of what arts can offer. Arts subjects have been marginalised by government policies and accountability measures; they are not valued as academic subjects nor do they have the currency of literacy and numeracy; arts qualifications are more for those with talent, inclination or nothing better to do. In short they are not seen as powerful and relevant in the current context. The argument that the new curriculum offers time for schools to innovate in arts areas fails to recognise the inhibiting effect of a strong government emphasis on other subjects and priorities.

Hallgarten (2011)⁴⁷ suggests that even where there has been an increase in the quantity of opportunities available, and despite a growing knowledge about quality, many activities still often lacked sufficient planning, depth and reflection, leading to superficial or even negative outcomes for young people. Such experiences mean that the arts are still too often add-ons, and schools and arts practitioners both see projects as time out or antidotes to the national curriculum rather than an integral part of education.

In schools with a wide range of pupils there are other priorities and pupils have other needs. There is competition from other subjects' demands, PE activities, outdoor education and interesting activities such as gardening, digital possibilities and so on. Many schools feel they do not have the right staff, and this is likely to worsen as fewer specialists are trained.

Pragmatically, arts provision is disruptive of timetable, costly and demanding to sustain with changes of teaching staff and variable local provision. The supply from the cultural sector may be difficult to locate and then not available locally. The need for contacts, flexible partners and ready access becomes an insuperable barrier.

6. What does the cultural sector offer?

The culture and creative sector has a wonderful and inspiring range of possibilities. It can also be, from a school's point of view, bewilderingly diverse. There are large organisations with extensive regional and national reach, there are smaller agencies and partnerships which work on a more local basis, there are local authority institutions such as libraries and museums, there are individuals who are sole traders, all across a full range of artforms. They offer different financial models, depending on whether it is full cost recovery or there is subsidy involved. They offer differing packages, which may include a set offering for a visit, some continuing professional development for teachers, forming longer term relationships, guided activities in a venue and so on. The justification and value offered also varies – is it 'time off' from the curriculum, or directly relevant to the curriculum such as the 'set text', or multiple purposes, such as a theatre in education group offering drama workshops on social problems. The impact of these different offers is rarely suggested or measured, and evidence of successful outcomes is rarely offered. So the picture is of a diverse offer from the arts side, rather than one which is based on recognition of schools' needs, and little help is forthcoming with justifying the offered activity or why particular choices are more appropriate than others.

47 Hallgarten, J., (2011) *England: from Golden Age to Perfect Storm*

The potential and ambition of specific projects often varies with the size and location of the organisation. Individuals can be flexible and often fit in with the school day. They are also often available over a longer timescale. Local providers have the potential to develop relationships with schools and to offer experiences which have been negotiated with the school. Some organisations offer a set package which they have devised which may extend the experience of creative work beyond what a school has envisaged. Other organisations attempt to have a longer term impact by combining work with young people with teacher development, or by forming networks of teachers which are sustained over a longer period of time. Some provision has extended to linkages to universities, such as in Bristol where the university is involved in developing a local curriculum that draws on the arts and cultural resources in the area. Other universities offer courses as part of Masters qualifications. Goldsmiths is one such college which offers an MA in Applied Theatre: Drama in Educational, Community and Social Contexts.

The diversity of the cultural sector may be evidence of thriving artistic communities, but this diversity can be a barrier to effective engagement with schools. One obvious result of multifarious activities is variation in quality. Local sharing of practices could, in a supportive environment, mean that peer review improves quality and greater consistency in what is offered to schools. Another way this could happen is for larger organisations, especially those with a national brief and large-ish learning departments, to become involved in supporting and training local practitioners. They could take more responsibility for the overall quality of the cultural offer to schools.

There is evidence (Galton, 2008⁴⁸; NAWE, 2010⁴⁹) that there is often mismatch between what schools expect and what practitioners think they are offering. A common manifestation of this is where the teacher thinks a specific skill is to be focused on while the arts practitioner thinks an antidote to the national curriculum is what is needed. In his evaluations of Creative Partnerships classrooms, Galton points to the lack of articulated and differentiated roles for teachers and practitioners who are together in the classroom. The open-ended approach of practitioners is often contrasted with the pressure on teachers to 'deliver' and close down activity to get to the 'right' answer. Many arts practitioners who work in classrooms have 'disaster' stories where things go wrong, but their accounts are frequently at the expense of the school, rather than looking at the underlying causes of unintended consequences. Arts and cultural organisations need to recognise that they will have limited success if they make offers which have not been adapted to the individual school situation and where there is little mutual understanding.

Key to successful collaboration is planning and pre-activity contact. Otherwise a pre-set offering can be completely misjudged in terms of the demand on pupils and the lack of clarity about the different roles of teachers and practitioners. Then not only is that potentially creative relationship damaged, but both sides become disillusioned about what can be achieved in general. One arts NPO in the north east tried to tackle this by practitioners holding workshops for teachers and then having the practitioners support the teachers in teaching the lessons. The teachers slowly realised the implications of the approaches they were using, and began to adjust their day-to-day teaching. This meant the project had a much stronger legacy for the teachers and then also for the school, with the teachers as advocates for the more creative approaches they had learned. Changing

48 Galton, M., (2008) *Creative Practitioners in schools and classrooms* (Final report of the project: [The Pedagogy of Creative Practitioners in Schools](#) Cambridge: Creative Partnerships/Faculty of Education

49 Owen, N. and Munden, P., (2010) *Class Writing: A NAWE Research Report into the Writers-in-Schools Ecology*, NAWE

teachers' pedagogical practices is not quickly done. There is evidence that engagement with and training of teachers over a three-year period may mean that changes remain even after support is withdrawn⁵⁰.

In arts organisations the commitment to work with children and young people must be central to what the group is about – it cannot be an add-on or an after-thought. Setting out to support young people's learning and a school's efforts, rather than developing interesting or exciting new projects, may not come easily, but in the end the development of learning and the relationship with the school will offer real opportunities for creative arts practitioners.

Deeper changes in school attitudes, and relationships with arts practitioners, is not quickly or easily achieved. Projects need to build in the opportunities for pre- and post-activity discussions and reflection. That way the commitment of teachers is won and they start to be the in-school advocates that the arts need.

7. What inhibits the development of a strong, sustainable offer?

There is, it seems, a mismatch between the ways of working in the cultural and arts sector and what would be best for schools. Schools can seem like impenetrable castles. Teachers can be very hard to contact both in person and via phone and email. They are committed to full days in the classroom and the timetable offers little flexibility. Individual teachers may be enthusiastic but they may not have sufficient influence to persuade their leaders, or they may begin a relationship with an arts group which is then lost when they move to another school. The logistics of visits both in and out of school can be inhibiting because of all the detailed arrangements that have to be made for space, time, covering classes, financing, doing the various necessary checks, informing parents and so on.

Many arts organisations have recognised these demands and realise that the support of the head teacher is essential. Ofsted (2010)⁵¹ observed that 'Confident leaders set out a whole-school agenda to disseminate and embed creative approaches to learning. Their persuasive commitment led to well directed professional development for staff, high expectations, rigorous monitoring of outcomes for pupils, discriminating use of partnerships, engagement with the local community and cost-effective investment in technology and teaching resources'. One agency, First Story, which puts writers into schools for a year-long residency, insists on seeing the head at the outset to discuss what is involved. Creative Partnerships also demanded similar buy-in from each participating school's head teacher.

Even with senior support, the maintenance of projects can be difficult as other priorities emerge in school, teachers find commitments difficult and what had been secure arrangements become unreliable. Schools can help themselves by streamlining some of the protocols and procedures, but arts organisations need to recognise how difficult it can be at times.

7.1. Sustainable collaborative working

Sustained relationships where each has confidence in the other, understands the aims, the activities and the complementary roles of teacher and practitioner can make the ambition of a sustained arts offer in schools a

50 New Writing North project *Even Better Writers* 2010

51 Ofsted, (2010) *Learning: Creative approaches that raise standards*

reality. The cultural sector needs to respond to the pressures that are found within schools and to recognise what schools are looking for. For schools, renegotiating offers and understanding new initiatives is harder than repeating a successful project. This is not always attractive to practitioners, who want to move on and develop something new.

Some practitioners are known to be critical of teaching in schools, which they consider to be dull or outmoded, but they are reluctant to help teachers to develop as this could interfere with the provision by practitioners. This is a mistake – arts practitioners are not a substitute for good teaching and better teaching on a day-to-day basis would make much more of the special experiences of visits, practitioner contact and celebrations of achievement.

A sustainable arts policy in schools needs partners who are responsive to schools' needs, who have an understanding of progression in arts subjects, who are willing to maintain a relationship over time and who customise their proposal to individual schools as well as being creative and offering innovation.

The internal logistics of most schools suggest that where a school knows and trusts the people from outside the school who offer arts provision, the more likely it is that there can be a regular, quality offer which is targeted at skills and experiences which young people need. Given the potential for mismatch of expectations and strains on organisation, the development of relationships which understand the different perspectives and which focus on what will benefit young people most, are likely to be the most useful way to consider how to embed arts provision in schools. The aims of these relationships would be better appreciation of what each partner offers and agreement on the roles and actions needed to achieve successful experiences for learners. This is not about co-production but about agreed production which recognises the expertise of arts practitioners and what teachers bring.

This requires a focus on the quality of the direct contact between schools and arts providers. There are examples of individuals who become part of ongoing school life and find ways to influence not only the specific brief they are given but also to lead wider projects. One author, a writer-in-residence in a state school in Oxford, is now going to lead the teaching of a creative writing A-level in after-school classes. Other, larger organisations have also set up longer term relationships, by setting out contracts with schools which include professional development for teachers, as well as providing experiences for their pupils, over a number of years. The Royal Shakespeare Company has seen this as an important way to leave a legacy of improved provision in schools.

7.2. Intermediaries

The recommendations from the Find Your Talent final reports (Hallgarten et al, 2011⁵²) include the suggestion that any funding 'should be devolved to locally accountable brokerage organisations, responding to the needs of families, schools and communities'. It claims that 'brokerage, configured locally rather than through national prescription, reduces duplication and waste, and ensures that cultural resources are far better targeted at need.' Creative Partnerships was the most serious, sustained provision of this kind but at a cost which is unlikely to be available in the future.

So the funding of intermediaries is clearly an important ongoing issue. Music hubs are one model, which is government funded. Another model is charities, which depend on funders, either nationally or locally. Other

ways of working have, in the past, involved individuals championing arts provision, particularly from positions in a local authority. This is now less easy to envisage unless larger local institutions, such as galleries, museums, theatres and libraries can organise partnerships which could be influential in their areas. Such institutions are under considerable pressure at present and constraints on their time and budgets make such initiatives more dependent on strong leadership commitment from the cultural sector.

This lack of local intermediaries, at a time when many more schools are becoming academies and so lose some of their previous links, is probably a major barrier to establishing sustained partnerships between the cultural providers and schools.

7.3. Support for cultural sector – school partnerships

This is precisely why the task of developing effective relationships between 24,000 schools, 800 NPOs, all the museums, libraries and galleries around the country and the range of arts practitioners and organisations, however daunting, is more important than ever.

There have been a number of models of how these relationships can be supported and developed. Recently some of these models have been sponsored by the Arts Council, notably Creative Partnerships, Find Your Talent and bridge organisations. But schools are not necessarily good at articulating their needs, purposes and rationales and this makes it hard for the supply side to be effective. Schools are more used to taking what's on offer and sometimes the offers have to be the lowest common denominators in order to get sufficient takers. The models of brokerage so far have proved the case of need but not necessarily solved the problems. Bridge organisations have also been set up to assist in brokerage, and whilst potentially good for analysis and strategic direction, their capacity means while they may be able to create models of partnership practices, they are unlikely to be able to broker individual local partnerships. However, they may be able to catalyse local networks – particularly through a hub structure, working across regions to fill gaps and plan activity.

Otherwise schools and cultural organisations are reliant on a range of possible avenues for locating possible partners – large national organisations offer different kinds of packages of involvement, local arts providers can make personal contact work, and individuals, perhaps located through national lists where they exist, can offer flexibility and often enjoy ongoing contact with young people.

But this will continue to be fortuitous, haphazard and unsustainable for the majority unless more schools are convinced of the value of a commitment to culture and the arts. The vision of the potential for the arts to be embedded in the curriculum, offering great opportunities for all, celebrated in high profile ways and as a major vehicle for interaction with parents and the community, will be continue to be a dream rather than a reality.

8. Conclusion – shifting the ground

It is clear that, in the current circumstances, the reality of an entitlement to a creative and rigorous arts and cultural offer for all children and young people is some distance away. The attitudes of many arts practitioners and schools need to change fundamentally, to challenge some of the prevailing assumptions about what really matters in schools and to develop new ways of collaborative working. This will always be a challenge for schools whilst the current accountability and inspection frameworks are in place. It is time to challenge Ofsted to consider whether what it values in inspecting schools is an adequate view of quality, and to recognise that the arts are not an optional extra, but integral to a thriving school where teaching and learning are exemplary.

Keeping the arts in the public consciousness, developing a vision which commands commitment from across the sector, advocating such a vision positively rather than as a negative campaign against something, could form a backdrop to encourage local organisations, arts innovators and teachers to renew their efforts to work together. It would entail changes in practice, in financial models and in relationships with young people and communities. New networks will need to form and bring together, in equal partnership, teachers and arts practitioners. These networks will need to develop new methods of working which are not dependent on local authorities or similar, but enlist the support of emerging new patterns of educational and cultural institutions.

What could be the starting points for this shift?

Firstly, a clear partnership agenda should be forged around a prioritised set of action led priorities. The education and cultural sectors, and the key intermediary organisations like the bridges, need to work together to:

- create greater clarity about the kinds of activities available and what each type can achieve, including larger scale, longer term development for both teachers and pupil, individual practitioners working flexibly and exploring other models of what works for both schools and cultural organisations
- build longer term relationships with arts practitioners so schools can appreciate what they offer and they have chances to influence wider school provision
- provide better sources of information about what is available in geographical areas
- develop networks which include teachers and practitioners who meet to develop ideas and spread success
- generate greater clarity about what constitutes progression in the arts for children and young people, to guide plans and offers
- support local champions and intermediaries who build personal contacts and whom schools learn to trust so that innovation is welcomed and appreciated
- build well understood examples of supporting financial models (which include full cost, subsidised and mixed funding)

The education and cultural sectors also need to get better at drawing on the expertise of their professional peers. For example, schools who are leading the way in terms of cultural education, could be the focus for attempts to build an evidence base of how best to implement a successful arts policy, in terms of advice and guidance on the best approaches, the drivers and the keystones to success and sustainability.

Cultural organisations need to come together more actively in consortia to form cross-art groups; make joined up offers to schools, help each other with marketing, and sharing delivery costs. Such consortia will also have to engage fully with the needs and problems of their partner schools, offering help with lower attainers; with relationships with parents and communities; with suitable activities for NEETS and masterclasses for high attainers. Consortia would also be better placed to invest focused time in building relationships with groups of head teachers (who usually meet together locally). This all requires cultural leaders to embrace these responsibilities as part of their wider role both individually, and as publicly funded cultural institutions.

Finally, effective leadership and advocacy will be vital. The Henley recommendations for Cultural Education Ambassadors to champion Cultural Education to the public at large may be an important part of the mix, but they will not be a substitute for everyday advocacy and practice, led by committed local cultural leaders and local head teachers.

Currently many of the systems and channels for discussion and influence are changing or disappearing and any replacements are not yet fully in place. This radically alters the location and nature of communications. Schools are becoming more individualised and less connected to local authorities, their efforts are dominated by targets and accountability, and they becoming more risk averse and conservative. Arts and cultural organisations are struggling to work out how to survive and be creative in the face of financial reductions and uncertain revenues.

In this environment, the case for an expansive vision of education-cultural sector partnerships will need trusted and known advocates from both arts and education. This paper has outlined the common agenda that could drive and deepen those partnerships – and their reinvention requires leaders from both sectors to more actively share visions, purposes and hence roles and actions, to the greater benefit of all our young people.

Key recommendations:

Schools:

- all pupils study the arts, and at least one arts qualification, up to the age of 16
- for each year group, a minimum entitlement to:
 - ▶ one innovative arts-related project for each class
 - ▶ a residency of an arts practitioner who works with classes over time
 - ▶ a visit to a cultural venue or a special arts event in school
 - ▶ extracurricular provision and celebratory events
- a senior member of staff in each school who acts as arts coordinator and has designated time to make contacts with cultural organisations, to involve parents and the community, to champion initiatives and solve problems. This is the internal broker who drives the programme

Arts and cultural organisations:

- local sharing of practices to improve quality and greater consistency in what is offered to schools
- larger organisations, especially those with a national brief and large-ish learning departments, become involved in supporting and training local practitioners, taking more responsibility for the overall quality of the cultural offer to schools
- make offers which are adapted to the individual school situation and recognise that there will only be limited success where there is little mutual understanding
- the commitment to work with children and young people must be central to what the organisation is about – it cannot be an add-on or an afterthought
- be partners who are responsive to schools' needs, are willing to maintain a relationship over time and who customise their proposals to individual schools as well as being creative and offering innovation

Advocacy and partnership:

- cultural organisations need to come together more actively in consortia to form cross-art groups; make joined up offers to schools, help each other with marketing, and sharing delivery costs, invest focused time in building relationships with schools
- cultural leaders embrace these responsibilities as part of their wider role both individually, and as publicly funded cultural institutions
- effective leadership and advocacy to champion the case for an expansive vision of education-cultural sector partnerships, involving trusted and known advocates from both arts and education

City arts strategies in a cold climate

Alexandra Jones, Chief Executive, Centre for Cities

Introduction

Arts and culture have long had a starring role in city strategies, particularly in terms of their place within regeneration efforts – attracting tourists, creating more attractive and livable cities and making it easier for those cities to attract and retain talented individuals in the local economy.

Indeed, during the pre-crash years, the consensus that cultural led regeneration was a good thing had become so strong that you would certainly have stood alone in a large crowd if you'd suggested otherwise. Not many people questioned the importance of spending on libraries and other core cultural infrastructure in our cities.

But four years into austerity, does some of the support for cultural regeneration look like frothy hype rather than fact-based advocacy? Certainly, the strength of support for investment in arts and culture looks weaker in some city halls across the country than we could ever have imagined five years ago, despite the outcry over cuts to local library services. This therefore seems a good moment to take stock of where we've reached in our understanding of cultural led regeneration. If the case for public investment is still strong, do we have a maturing understanding of how to ensure the best possible return for cities, the cultural sector and citizens alike?

The national government and our major cities have been actively conducting this assessment for years, but what is striking is the way in which the debate is shifting. Impact on economic growth is increasingly the trump card. This was borne out by the lobbying over how the June 2013 spending review would affect national arts funding, which accounts for around 0.1 per cent of national spending but provides around half the income for the sector⁵³. Culture Secretary Maria Miller's April 2013 speech was all about the value of culture – not its social or intrinsic value, which goes largely unquestioned (and often unquantified), but its economic value⁵⁴. In other words, how does spending £1 on a museum rather than £1 on transport make a difference to economic growth? Can we prove how many jobs spending on culture will directly and indirectly support?

Given that national arts funding fell outside the ring-fenced triumvirate of education, health and international development, the announced cuts of seven per cent for the Culture Department, and five per cent for the Arts Council and Museums were lower than might have been expected. Larger cuts for local authority budgets, however, will mean more and more calls on this money in the years ahead.

Councils are struggling to absorb significant cuts and are facing rising cost pressures, as illustrated by the Local Government Association's now infamous 'Graph of Doom'⁵⁵ showing that demand for social care will swallow up the entirety of local budgets in the next few years. In addition, recent reforms to local government funding as

53 A third is provided by the box office / commercial income, with the remainder provided by sponsorship

54 Maria Miller speech

55 LGA

part of the localism agenda mean that the health of the local economy determines to a significant extent the health of local finances. In other words, if councils are not funding growing demand for their statutory services, financial pressures mean that they are incentivised to spend everything else on growing their local economy in order to continue generating revenues into the future. That means libraries come under even greater pressure than they have done to date.

Given the strains on national and local finances and the emphasis on spending to increase economic growth, places – and particularly cities – face a conundrum around arts spending. It makes up a significant proportion of local spend: local authorities in England spent £4.1 billion on culture and related services in 2011/12, making up four per cent of the overall spend, while cities spent a slightly higher proportion of their budgets – five per cent, or £2.4 billion – on supporting arts and culture. This higher proportion is likely to be because many rural areas rely heavily on neighbouring cities (and neighbouring city budgets) for access to a wide range of cultural activities, from museums to theatre, opera to exhibitions. Many city reputations are also shaped by the quality or otherwise of their arts and cultural institutions, although the degree to which this impacts upon economic growth remains contested.

So the fact that not all cities are responding in the same way to pressures on costs is important. Some cities are putting arts and culture at the heart of their strategies to regenerate the local economy, and linking them to significant numbers of jobs and growth, as well as arguing that it has a further impact on community, social inclusion and local capacity – take the investment in iconic libraries in Manchester and Birmingham. At the same time others are slashing arts budgets and there are parts of the country where people's involvement in the arts is well below average (as targeted by the Arts Council's Creative people and places fund).

So do city level decisions about arts and culture matter to economic growth? Can investment decisions about arts and culture help to 'reactivate' people and places being left behind by global economic change? Can these cities learn lessons from the past decade or more of decisions about city investments in culture? Is one approach better than another? And what do we know about what arts and culture can bring to city economies in the current cold climate?

1. Why do cities matter?

The debate about the impact of local arts spending decisions on economic growth and other issues matters because, in a more knowledge intensive world, cities are vital to economic growth and culture.

Cities (which we define as 'real' economies, or functional economic areas, of a certain size)⁵⁶ will be key to delivering the economic and jobs growth being sought so desperately by the Treasury because they offer businesses access to customers, skilled workers and ideas. This is leading to certain types of businesses, primarily knowledge intensive⁵⁷, becoming more – rather than less – geographically concentrated. In England, cities account for 53 per cent of the UK's businesses, 58 per cent of jobs, 60 per cent of GVA and 75 per cent of the knowledge intensive jobs.

56 The definition of cities used by Centre for Cities is CLG's Primary Urban Area, devised by Michael Parkinson et al in 2006 for the *State of the Cities* report. This definition means that there are 64 cities across the UK. More details are available at www.citiesoutlook.org.

57 Overman ref

For the same reason that cities matter to economic growth, cities matter to culture; their sheer scale offers opportunities to generate new ideas through interaction across different demographics, sectors and experiences, as well as opportunities to influence more people. The importance of physical proximity to innovation and new ideas is well known, and demonstrated in the behaviour of businesses. Whether it's advertising firms paying a fortune to cluster in Madison Avenue in New York, IT companies huddling in Silicon Valley or artists crammed into Hoxton, industries that fall under the broader definition of 'creative and cultural industries' frequently demonstrate the value of clustering by voting with their feet. If part of the value of culture is not just its creation but its experience, as some have argued, then cities allow for experience on a greater scale.

This may explain why some have argued that there are 'important complementarities between the (not-for-profit) arts and cultural infrastructure and the commercial creative economy'⁵⁸ within places. This is at the heart of Richard Florida's influential 2002 work on the 'creative class'⁵⁹, which – while it focuses on the broader sector of creative industries rather than just on culture – has been very influential in its argument that cities that made themselves more attractive to those defined as being in the 'creative class' (see Box A below) would boost economic growth. Florida's work has been widely critiqued in recent years (including by Centre for Cities)⁶⁰, not least because it is regarded as confusing causation (successful regions attract human capital, as well as the other way round), being based on erroneous data analysis and as 'overselling' the creative class story, given that his measurement of membership of that class is primarily based on educational attainment. Nonetheless, Florida has been enormously influential around the world, with many cities seeking to improve their performance on various 'creative' indices.

Box A: Florida's arguments about the creative class

Richard Florida defined the creative class as comprising about 30 per cent of the US workforce (40 million workers) and consisting of the 'super-creative core', including scientists, engineers, educators, arts, design and media workers, as well as the creative professionals working in healthcare, law, business and finance.

Talent, tolerance and technology were described as prerequisites to being attractive to this creative class. Florida also argued for a 'teeming blend of cafes,

sidewalk musicians, and small galleries and bistros, where it is hard to draw the line between participant and observer, or between creativity and its creators'. Critics have suggested that Florida made a range of assumptions that are not borne out in the data, and that cities that have pursued the Florida strategy have struggled to turn around their economies. More recently, Florida has revisited and refined his arguments to address his critics and argue strongly for the importance of 'quality of place'. (Florida, R. (2012) *The rise of the creative class revisited*).

Cities are also the places in which the most deprivation, youth unemployment and poverty are concentrated. This means that decisions made about funding allocations – particularly in an era of greater localism – could have a big impact on a wide range of issues, from economic growth to the health of the UK's arts and culture, from social inclusion to individual life chances.

58 NESTA

59 *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (by Richard Florida, Basic Books, 2002)

60 Max Nathan, Creative Class paper, Centre for Cities

A city's balance sheet for its arts and cultural investments should include all these broader impacts of the arts. Issues around the wider social benefit will be the focus of the next seminar in this series.

2. Culture, cities and economic development: learning from the past

Since the early 2000s, UK economic development professionals have been interested in understanding more about the role of both cultural and creative industries in driving economic and jobs growth at a local level.

And one of the interesting challenges of analysing the 2000s, relevant to making the case for culture and the arts in the 2010s, is the tendency of cities and others to conflate cultural industries with creative industries, with many cities tending to talk much more about the latter than the former.

This is not to say that there wasn't a strong discourse about culture and regeneration, as illustrated by papers such as the 2004 Department for culture, media & sport (DCMS) paper, *Culture at the heart of regeneration*. However, much of the interest in the sector more broadly was generated by the government's emphasis on the role of 'creative industries' in driving future economic growth. This new term was applied to a collection of 13 quite different subsectors: advertising, architecture, art and antiques, computer games, crafts, design, designer fashion, film, music, performing arts, publishing, software and television and radio.

Culture and arts is wrapped up in a number of the subsectors identified as creative industries, hence the way that people have tended to use creative industries as shorthand for culture as well. In practice, however, there is a symbiotic relationship between culture/the arts and the creative industries. Culture and the arts are a part of the creative industries and investment in them underpins the wider creative industries. Yet the tendency to assume the two terms are interchangeable – an approach which many cities continue to adopt – may mean that cultural investment is lost amidst a desire to pursue some of the most economically lucrative sectors also included in the DCMS definition of creative industries.

That economic impact, set out in various publications demonstrating the economic impact of creative industries on the UK, was key to piquing the interest of economic development professionals always attuned to the latest sector 'in vogue'. Estimates in 2007 suggested that with a productivity output comparable with the financial sector, the creative industries employed some 1.8 million and was growing at double the rate of the UK economy as a whole⁶¹. Creative industries were widely understood to be the next big thing when it came to jobs generation and economic growth.

This is likely to explain the sudden explosion of cities claiming their own unique specialism in cultural and creative industries (even if in practice, that specialism could include anything from arts and culture through to video games). In research conducted by Centre for Cities in 2010⁶², 39 of the 56 English cities studied cited the creative industries as a key current or future strength – i.e. they claimed it would be responsible for *significant* levels of job creation and/or economic growth.

The sheer number of cities identifying themselves as specialising in cultural and creative industries suggests that something is wrong; hype was trumping history and hard facts. It is unlikely that the creative industries in all of

61 The Work Foundation (2007) *Staying Ahead: The economic performance of the UK's creative industries*

62 Swinney P, Larkin K and Webber C (2010), *Firm Intentions: Cities, Private Sector Jobs and the Coalition*, London: Centre for Cities

these cities are already, or will be, a future economic strength. While some local creative businesses may be particularly innovative or have grown in recent years, past evidence suggests that it is unlikely that all 39 cities will see a significant proportion of their jobs or economic growth driven as a result of cultural and creative industries.

There are many different ways to assess the distribution of creative industries employment across UK cities, most of which end up with different results or are the subject of passionate debate in the sector. All demonstrate that creative and cultural jobs tend to be concentrated rather than spread evenly across the country.

For example, analysis of where cultural and creative employment is located (using the Standard Industry Classification codes used in the DCMS's Industries Economic Estimates and focusing on the 64 largest built-up urban areas, or 'Primary Urban Areas', on which more information is available at <http://www.centreforcities.org/puas>) shows that some cities have far higher levels of employment than others.

Figure 1: the location of creative industries jobs across UK cities

Top 10 cities

City	Employment in creative industries, 2011
Reading	10.0%
London	7.3%
Aldershot	7.0%
Cambridge	6.0%
Oxford	5.9%
Milton Keynes	5.6%
Telford	4.4%
Brighton	4.3%
Worthing	4.1%
Southampton	4.0%

Bottom 10 cities

City	Employment in creative industries, 2011
Swansea	1.6%
Birkenhead	1.5%
Burnley	1.5%
Bolton	1.5%
Stoke	1.4%
Newport	1.3%
Wigan	1.2%
Hull	1.1%
Doncaster	1.0%
Grimsby	0.9%

Source: NOMIS 2013, Business Register and Employment Survey

It shows that nine of the top 10 cities for cultural and creative industries employment are in the Greater South East. Reading has the highest share, with one in 10 jobs defined as creative using the DCMS definition. Almost half of this employment is due to 'computer consultancy activities'.

Admittedly this is just one way of assessing concentrations of employment and there are others; for example, Nesta's work on Brighton suggests that up to three-quarters of the jobs may be missed if the DCMS definition is the only one used. Nesta's alternative measure of the geography of creative industries produce slightly different results to the table above and highlights cities such as Bristol, Bath, Manchester, Edinburgh and Cardiff as well as some of those on the top 10 list above.

Yet while each analysis differs to some degree, all concur that not everywhere has a specialism in creative industries – or arts and culture – despite local claims. Moreover, even for those with a relative specialism in the creative industries, these make up just a small part of their overall economies. In London 93 per cent of jobs are not in the creative industries. In cities such as Coventry and Sheffield it is 98 per cent.

The desire to make the most of a specialism in cultural and creative industries is understandable; some of the jobs generated are likely to be high quality and relatively productive, and it is a more attractive focus than, for example, logistics. Indeed it is a relatively widespread phenomenon across the world that cities identify a national or global trend and assume it will apply to their local area – a variant of crude cut and paste economic development. For example, a significant majority of cities across the world claim some kind of specialism in green technologies; previously the most commonly observed feature of local strategies was biotech. Yet the evidence suggests that many cities had a tendency to make similar mistakes when it came to decisions about investment in culture and creative industries. These mistakes were:

- a) Conflation of national and local trends:** Analysis of economic strategies suggests that many places have assumed that nationally observed trends – such as the importance of creative industries or green technologies to the national economy – will apply equally to local areas. In other words, that a prediction that creative industries will grow by five per cent at a UK level means that they are likely to grow by five per cent in their local area too.
- b) Ambition before pragmatism:** Many cities focused on and invested in culture and creative industries without taking a cold, hard look at existing city assets and considering the degree to which they really did have a regionally, nationally or globally significant specialism that they could capitalise upon.
- c) Assuming that all creative industries were the same:** Different subsectors of the DCMS creative industries definition are more or less likely to contribute to jobs and economic growth – so video games, for example, is more productive in economic terms than the arts. Yet many cities did not differentiate between the areas in which they had strengths and so made predictions about jobs and growth that were not appropriate for their particular local circumstances.
- d) The needs of creative industry businesses are not entirely distinct from more generic business needs:** While some policies, such as support to make the most of intellectual property, are more specific to the needs of creative businesses, other areas in which cities invest, such as real estate, may have more generic needs that apply equally to other businesses.

Overall what this means is that while some cities are very much building on existing cultural and creative industry clusters, it remains largely the case that jobs and economic growth claims related to creative industries have tended to be overlaid at a local level, as suggested by research such as *Staying Ahead*.

So what impact do creative and cultural industries have on cities?

Evidence suggests that creative and cultural industries can and do have an economic impact on cities, but that it is not the kind of impact that economic development strategies so often claim – in other words, it tends to have more limited direct effects on jobs and growth.

Box B summarises some examples of the contribution that arts and culture in particular can make to economic regeneration.

Box B: Examples of evidence – culture's contribution to economic regeneration (Evans 2005)

- increased property values/rents (residential and business)
- corporate involvement in the local cultural sector (leading to support in cash and in kind)
- higher resident and visitor spend arising from cultural activity (arts and cultural tourism)
- job creation (direct, indirect, induced); enterprise (new firms/start-ups, turnover/value added)
- employer location/retention; retention of graduates in the area (including artists/ creatives)
- a more diverse workforce (skills, social, gender and ethnic profile)
- creative clusters and quarters; production chain, local economy and procurement; joint research and development
- collaboration and ideas sharing, leading to greater innovation
- public–private–voluntary sector partnerships ('mixed economy')
- investment (public–private sector leverage)
- higher educational attainment (in arts and 'non arts' subjects)

Many of the benefits are hard to measure or intangible. For example, recent Nesta research found that creative industries are 'more innovative than many other high-innovation sectors' and that 'the creative industries provide a disproportionate number of the innovative businesses in most parts of the country'. Advertising and software firms are often found near high-tech manufacturing and knowledge intensive business service firms. Nesta's conclusion was that creative industries generate an 'urban buzz' that helps to attract skilled workers who move between sectors, and that the 'buzz' encourages collaboration and ideas-sharing within and across companies and sectors. This is important to job creation, but less easy to directly evidence or measure.

Another potential benefit of investment in culture is the potential to create and maintain high levels of social capital, a key contribution of culture to regeneration and one which underpins many of the social and economic outputs often ascribed to culture.

The idea of 'culture led regeneration' became very popular in the late 1990s and 2000s across our cities, in particular economies that were grappling with industrial fallout from the 1970s and 1980s. Various projects were agreed, with many inspired by successes such as Bilbao, with most of the projects agreed and promoted on the basis of their economic impacts, through job creation and further private sector investment as much as any other objective. High profile projects agreed during the 1990s and 2000s included:

- **Bilbao:** contributing: 9.2 million visitors, a GDP contribution of over €2 billion, local tax revenue of €342 million, 4,355 jobs per year and a return on investment of 12 per cent all between 1998 and 2006 (according to Guggenheim's own data⁶³)
- **Liverpool:** the economic impact of achieving European Capital of Culture (ECoC) in 2008 was considerable. Visits generated by the scheme had an economic impact of £753.8 million in additional direct visitor spend) across Liverpool, Merseyside and the wider North West region. The perception of the city was also improved nationally whilst 68 per cent of UK businesses believed the ECoC had a positive impact on Liverpool's image⁶⁴

Beyond the direct economic impacts, investment in culture can have positive effects on international profile and place marketing. This in turn can lead to inward investment to an area, as suggested by numerous longitudinal impact studies from the European City of Cultures (as listed by Evans, 2007: *Seville, Lisbon, Rotterdam etc*).

Much has been written about locational decisions for individuals with high levels of human capital, made principally in relation to access to amenities (Glaeser, Clark, Florida). By supporting the arts and investing in culture, this facet of urban life can improve a city's appeal to the workforce that supports innovation and the knowledge economy. The challenge for cities is to understand the impact that this has and then assess the need for investment and support in their area.

There is also accumulating evidence that house prices can be expected to be higher in localities with higher concentrations of the arts and culture and to rise where investment in the arts and culture has just taken place. Recent analysis by the Centre for Economics and Business Research confirms that cultural density (the concentration of cultural assets in a given locality, as measured by the number of sites where the arts and cultural organisations exist per 1,000 inhabitants) could raise house prices by as much as £26,817, holding all other characteristics constant.

In addition, there are clear social and economic benefits associated with investments in libraries. Many of the UK's biggest cities – Newcastle, Liverpool, Birmingham – have committed to major capital investment in city libraries. These libraries not only provide construction jobs but also reach into often deprived estates or outer suburbs in a way that 'iconic' arts investments rarely do; library users tend to be less socio-economically privileged than users of the arts, meaning that investment in libraries can help improve access and equity. Yet, despite high profile successes and some evidence of economic benefits either directly or indirectly associated with culture-led regeneration, lessons from the past decade suggest there are three issues that practitioners – at city and national level – should note before taking decisions about related spending, particularly in a climate in which economic impact is regarded as a vital criterion.

First, practitioners should be clear about how they are going to evaluate success. Past evidence suggests that culture-led regeneration may lead to some direct impacts on jobs and growth as traditionally understood in cost/benefit analyses, but that often these are limited. Instead, some of the primary outcomes may be social, or

63 'Saadiyat Cultural District Exhibition. Welcome to the Future' at the Emirate Palace, Abu Dhabi, March 17, 2009.) Ponzini, Davide, (2010). Quoted in 'Bilbao effects and narrative defects', *Cahiers de recherche du Programme Villes & territoires*, 2010 Paris, Sciences P. (Countered by Plaza (2006) who quoted a return on investment of 10.9 per cent and jobs growth of under 1,000 after displacement is considered. Plaza, B. (2006) The Return on Investment of the Guggenheim Museum in Bilbao. *International Journal of Urban and Regional Research* 30.2, 452 -- 467.)

64 Garcia, B. (2010) *Creating an impact: Liverpool's experience as European Capital of Culture*

indirectly about the economy – for example, making use of arts and culture investment to bring excluded young people closer to the labour market has indirect economic impacts.

For those in search of hard facts, baseline driven analysis has been conspicuously and worryingly absent. Many studies of the regeneration effects of arts and culture do not comprehensively evaluate the underlying state of an area preceding the arts and cultural investment or report on only a short period after completion of the project. As the Centre for Economics and Business Research's forthcoming report notes, all of this poses problems for assessing longer-term impacts that the arts and culture can have on a given geographic location. They call for more careful collection of data in the future around individual projects making it easier to assess their contribution to regeneration.⁶⁵

Nesta argues that arts organisations should be challenging the way in which economic impact assessments are conducted, since in the fields of environment and health, 'public economists have successfully attached numbers to the value of goods and services which are not primarily mediated through markets'.

While waiting for these changes to happen, national practitioners and cities should ensure that they are clear about the measures of success they will use for any arts-related spending. While there are strong incentives for cities to focus on jobs and growth, this does not preclude cities deciding to invest a proportion of their budget in arts and culture even without strong evidence that this will deliver direct economic benefits – but they need to be clear what they are expecting this to deliver, and to ensure that spending is not laden down with expectations about jobs and growth that are unrealistic given local circumstances.

So success depends on the criteria you're measuring. An example of how subtle the balance sheet can be is the development of the Gateshead Quayside in Newcastle. The centrepiece investment was the restoration of the Baltic Flour Mill as an art gallery and the building of the Sage, a music and arts centre, at a cost of £45 million and £70 million respectively, at the same time as the Angel of the North was erected⁶⁶. Visible impacts have included 350,000 (Baltic) and 600,000 (Sage) visitors annually⁶⁷ being brought to the North East, as well as changes in perception of a post-industrial city and use of the new 'cultural icons' in international advertising campaigns, for example by Visit Britain and British Airways. It is all part of the wider city region plan to transform the whole area.

Yet if success is measured in terms of jobs and focused on the immediate locality then the impact is less clear. The area around these cultural development centres⁶⁸ saw private sector jobs losses compared to private sector jobs growth in Newcastle as a whole and, while there was an increase in the number of businesses, it was well below business growth across the city as a whole.

The example of Newcastle also illustrates the very real possibility that focusing too much on 'performance indicators' can jeopardise the possibility of meeting them. One leading city practitioner warned that, without retaining a sense of 'confidence, connectivity, ambition and a sense of fun' and not being hamstrung by overly specific targets, arts and cultural projects are doomed to fail.

65 See Centre for Economics and Business Research (2013) '*The Contribution of the arts and culture to the national economy*' – Report for Arts Council England and the National Museums Directors' Council

66 johndevlinconsulting.com/images/documents/The%20Sage%20Gateshead.pdf; <http://archive.balticmill.com/index.php?faq=true>

67 Tourism in the North East 2010

68 ONS 2013: Business Structure Database

Second, strategies to invest in culture need to be embedded in the local context. Each city has its own set of conditions affecting the impact of cultural investment: infrastructure, socio-economic, industrial, accessibility, physical and environmental conditions (Gonzalez, 2006). For cultural investment to have an impact upon local economic and jobs growth, the audience, accessibility, location and markets must all be considered; it is not enough to replicate transnational trends⁶⁹ Even in stronger performing cities the impact of culture led regeneration is likely to depend on where it is based and how it fits into wider local investments in infrastructure, the built environment, skills etc. – success is all about understanding and making the most of the detail.

Both Bilbao and London provide excellent examples of how local conditions affect the success of culture-led regeneration. Bilbao does not necessarily provide a ‘cut and paste’ model for culture led regeneration for other cities as it benefitted from a particular combination of circumstances, including:

- there was a benefit associated with ‘first-mover’ advantage. The Guggenheim Museum has global appeal and benefits from associative imagery, however the allure of a ‘star architect’ wanes with repetition
- the museum was one part of a broader process of urban transformation (Pozini, 2010) and as such the regenerative impact should not be evaluated in isolation
- Bilbao had both unique socio-political issues and strong local governance willing to take risks in a city of geographical potential but a poor image and failing economy. This has been explored in previous work from the Centre for Cities⁷⁰ and in depth by many academics (Gonzalez, Evans, Gomez, De Frantz)

Evidence from London also shows that effects of culture-led regeneration can be very locally sensitive. For example, the Tate Modern and the Millennium Dome are both on the south side of the Thames. Yet Tate Modern – in the heart of London – has been central to the wider growth of the South Bank area.⁷¹ In contrast, the Millennium Dome was isolated and less accessible, very expensive and failed in its original use⁷². It is now a very successful events arena, but still has very little economic activity around it beyond the ‘corridors’ of event based activity.

For national and city practitioners seeking to make decisions about how to allocate very limited funds, understanding the local context is critical. In this already cold climate, if projects are focused on reanimating places that are not just cold but frozen in terms of jobs and cultural activities, practitioners will need to consider if the investment is sufficient and appropriately targeted in order to overcome local barriers.

Third, successful cultural investments in terms of economic impact are usually part of a wider regeneration strategy. Ultimately businesses are businesses and improvements to the business environment in general matter. This means improved skills levels, high-speed broadband, and improvements to transport and the built environment are all important considerations for business location decisions. Beyond this, house prices and rental stock are essential for the flexibility of labour. Culture can have a significant impact upon the attractiveness of a place to future workers, particularly those who are higher skilled, as well as upon the ‘customers’ that

69 Harvey, D. (2002) The art of rent: globalization, monopoly, and the commodification of culture. In L. Panitch and C. Leys a cura di, *A world of contradictions (Socialist Register 2002)*, Haymarket Books, Chicago.

70 Finch, D; Marshall, A; Urwin, C (2005) Bilbao report, [www.centreforcities.org/assets/files/pdfs/cfc/events/2005/Bilbao_%20report\(1\).pdf](http://www.centreforcities.org/assets/files/pdfs/cfc/events/2005/Bilbao_%20report(1).pdf)

71 Dean, C, C.Donnellan, Et al. (2010). ‘Tate Modern: Pushing the limits of regeneration.’ *City, Culture And Society* 1(2): 79-----87. [accessed 26/04/2013 www.kcl.ac.uk/artshums/depts/cmci/people/papers/pratt/tate.pdf]

72 www.nao.org.uk/wp-content/uploads/2000/1/9900936es.pdf

businesses can attract. But it is likely to be just one component of a successful regeneration strategy, rather than the peg on which everything is hung.

Box C: Salford Quays

Many commentators argue that the Lowry, Imperial War Museum North and the 'iconic footbridge' had a catalyst effect on the development of Salford Quays⁷³, and that this in turn affected the BBC's decision to relocate, triggering a much larger scale regeneration. However, while the first plans for regeneration of the area were in 1981 and the Lowry completed in 2004, the plan for the BBC's relocation has been central to triggering the eventual regeneration of the area. Much of the media and

retail industry now based in the Digital World Centre and MediaCityUK were swayed by the £189 million⁷⁴ investment in relocating the BBC (CBI⁷⁵, NWRDA⁷⁶) and, to a lesser extent parts of Salford University. This relocation was backed by further infrastructure spending including the £20 million investment in Metrolink extensions, high-speed internet connections, a link to the M602 and improvements to the public realm. All of this takes time, however.

This is the approach that some Local Enterprise Partnerships – the 39 private sector led bodies set up to support economic growth in England following the abolition of the regional development agencies – have already taken in their local growth strategies. For example, Leeds Local Enterprise Partnership (LEP) talks about building on 'the unique combination of economic, cultural and physical assets of the city region', while Birmingham talks about 'optimising physical, cultural and environmental assets'. Some, such as D2N2 (Nottingham, Derby and surrounding counties) and the South West LEP, focus on the strengths of their creative industries sector. Yet others have much less focus on the role of culture at all and questions remain about the extent to which lessons have been learned from the last decade of culture-led regeneration. As LEPs find their feet – and some are taking much longer than others to do so – resisting the temptation to avoid either over-emphasising the role of culture, or ignoring it entirely will be important. For this to happen there needs to be a much wider and more pragmatic conversation about what impact cultural investment is and is not likely to have upon a place, how it fits with a wider strategy and what role the public sector might have in making change happen.

3. Learning from the past, how can we respond to the current funding crisis?

How can the sector best respond to shrinking public investment, learning lessons from the way in which money has been spent in the past?

First, the sector should help to ensure that the political debate is informed by and grounded in the demonstrable economic as well as intrinsic benefits of investing in arts and culture. It's unlikely that

73 www.encatc.org/pages/fileadmin/user_upload/Forum/Sophia_Labadi_2008CPRA_Publication.pdf, <http://www.bbc.co.uk/aboutthebbc/bbcnorth/about.shtml>

74 'The BBC move to the north is one of the most significant moments for our regional economy in a generation' Giles Fletcher CBI North West, September 2011, Manchester Evening News.

75 Salford Quays, p 40, BBC (2011) Helping drive growth in the UK creative economy

76 Figure calculated using a methodology developed by Cambridge Policy Consultants -- see evaluation study of MIF 2011 *Beautiful, Innovative and Creative* Morris, Hargreaves, McIntyre

cities would have invested in the arts at recent historic levels if they believed there were no economic or wider benefits in addition to the intrinsic benefits of a clear and vibrant cultural offer to citizens. Austerity means, however, that the economic and instrumental arguments are more powerful political weapons for elected politicians than the intrinsic arguments. Ensuring that there is a clear and defensible political narrative about the impact of arts and culture spending at local level is vital. This does not mean neglecting the intrinsic case for spending on the arts, but it does necessitate a clear articulation of the social and economic impacts of cultural investment to help leaders continue making that investment. The arts and culture sector should seek to work with politicians across the UK to make the case, and help converts articulate the case, about why spending on arts and culture will be beneficial to local citizens, and to link it to pressing concerns about how people will get jobs and how revenues are going to be sustained at a local level.

Second, the sector should engage with LEP boards as well as local authorities to ensure that culture is regarded as integral to economic growth strategies. Local authorities have long been a mainstay of the arts and cultural sector and will continue to be so, albeit under increasing pressure to reduce funding. Support of, and engagement with, local authorities and, increasingly, combined authorities (groups of local authorities working together, usually around economic development issues such as transport) will remain vital, but so too will discussions with LEPs. They will be developing Local Growth Deals that set an economic strategy for the wider area and will have influence over how some pots of money, such as the £2 billion Single Local Growth Fund, are spent. Informing LEP board members about the potential economic benefits of investment in culture and, ideally, helping them to identify specific projects could help the sector access new funding sources. Too few businesses understand that our leading cultural institutions are often at the heart of new collaborations with Higher Education and the private sector, focusing on new technologies and a wide range of interdisciplinary innovation. Inspiring examples grow year by year, from Watershed in Bristol and the pioneering work of its Pervasive Media Studio, to Derby University developing Derby Theatre into a learning theatre committed to a city-wide community education programme. Clear ambition and smart strategic pitches from the cultural sector are likely to result in direct support from outward looking LEPs.

Third, the sector should continue to deepen its partnerships with the public sector to help them consider how funding can be leveraged from multiple sources, public and private. Working with local authorities to tap into their private sector contacts in order to gain sponsorship for projects and programmes will be important, particularly if local authorities can provide match funding. And visionary local authorities, prepared to make 'big bet' investments in culture, will continue to reap compelling rates of return, culturally and economically. For example, the Manchester International Festival suggests that when a city invests in original and inspiring cultural activity, the benefit in terms of leveraging additional investment including sponsorship, tourist income and a higher profile amongst investors can be high. Manchester City Council's £2 million revenue support for Festival 2011 delivered an estimated economic impact value of £37.6 million⁷⁷.

Conclusion

Public spending is under pressure from all sides. With demand for public services rising steeply, many local areas are cutting spend in all areas, while trying to shore up key areas of provision such as social care and children's services.

In other areas, where the importance of local economic growth to future funding pots has been fully realised, local areas are diverting all spare resources into anything that supports the maximum possible economic growth.

Arts funding might not fare well under either of these scenarios, and we need to be vigilant in mapping and understanding the negative impacts of a reduced investment spend by our cities in arts and culture. For example, behind the headline figures on reduced city investment, there is strong anecdotal evidence that these reductions in spend are leading to a concentration of city investment into those cultural assets that deliver the biggest gross value added – in terms of direct economic employment and tourism/city brand effects

Over time what might this shift mean for the ecology of smaller arts organisations many of whom are involved in valuable community based work and activity? As Arts Council England grapples with similar pressures to maintain a vibrant core arts and cultural infrastructure, are we going to see a hollowing out of key parts of the arts ecology in our cities? And how can the sector respond, working with local politicians and officials to help them pull together pots of funding to keep capacity and high value projects alive?

Harsh conditions are also going to bring greater realism to the policy and practice of cultural-led regeneration. As this paper has underlined, many cities have tended to oversell the potential of arts and culture spending to deliver short-term economic impact that can be clearly tracked back to that original investment. Our analysis suggests that this 'cut and paste' approach to culture-led regeneration will perish under the harsh conditions of austerity. This at least is good news. But the shift towards an entirely instrumental approach to arts and culture investment is concerning. In the field of science, it is the projects that have not been directed towards specific products that have resulted in the greatest leaps forward (consider internet cryptography as a result of investigations into the Fibonacci sequence). Without continuing funding for the equivalent kind of arts and culture projects, we do not know what we might lose – intrinsically, social and economically. Too little is known about what happens over time, to people and places, when culture is allowed to wither.

Austerity will also bring into sharp relief the 'coldest' spots in the UK – certain places are struggling far more than others to adapt to the combination of a changing world economy, reduced public spending and the downturn, and often these are among the places that have the lowest levels of arts and cultural activity (at least formally). This paper should raise questions about how best to target ever-smaller pots of money. If public or private sector investors are seeking to reanimate local economies or communities through spending on arts and culture, the decisions about spending that money need to draw on a clear understanding of the wider local economy, how arts and cultural activities might impact upon it, and what scale of investment is required to make a change. Being distinctive, authentic and pragmatic about what projects can and cannot achieve is at the heart of making a difference – and this means recognising where it will be harder to make a difference too, or where a city region approach may be required.

On a more optimistic note, many cities are still doing all they can to sustain spending in this area because it can deliver a wide range of benefits. We have learnt enough over the last decade to ensure that they can secure a greater return on investment (ROI) than before, if they follow the emerging template for effective city arts strategies.

Cities seeking a high return from their ongoing investment in arts and culture need to:

- make decisions about that investment that start from an analysis of their existing assets, rather than what they would like those assets to be, drawing on data wherever possible to back up their assessment
- be clear about what they are hoping to achieve through investment in arts and culture, recognising culture's potential to affect city economies in ways that are difficult to measure, for example by improving livability, as well as delivering intrinsic benefits
- make the most of culture's potential to contribute to innovation systems by thinking systemically about the impact of culture on a city, its quality of life, its networks, its livability etc.
- ensure they are not over-reliant on culture as the basis of an entire economic development strategy for a city. Location decisions for firms and people are based on complex trade-offs. Investment in culture can both improve quality of life and entice highly skilled people, but these are only part of a decision^{xxvii}
- invest in people, not just facilities, recognising the high risks associated with flagship investments and cultural landmarks that are not entirely distinctive
- make the most of anchor institutions, such as universities, which can contribute significantly to local arts and culture without requiring as high levels of investment of public funds
- enlist the leadership of LEPs to fully understand the balance sheet and ROI of smart investments in arts and culture

Local sensitivity is key. Rather than replicating international experiences, or conflating UK-wide trends with local trends, cities should look to build on assets that exist not importing 'culture' at significant real and opportunity costs. In a very cold climate, this is the most effective way to ensure that cities are making the most of the economic, social and intrinsic value of arts and culture.

If cities are going to be investing less in arts and culture in the decade ahead, let's at least ensure that those funds are better spent than ever before.

Return on cultural investment

Developing the wider impact of the cultural sector

Mandy Barnett and Daniel Fujiwara

Introduction

Why have a seminar on the wider social impact of the arts? Primarily because the arts and museums⁷⁸ are continuing to build on a rich tradition of socially engaged practice which is successfully evolving in the face of societal change, but which remains understated and barely understood. The arts have long experience in areas such as mental health and wellbeing, and with communities on issues from cohesion to pride and identity. But the world in which we live is being transformed, with the democratisation of information and communication radically revising the foundations of engagement and activism, and austerity ensuring nothing can be taken for granted. The sector needs not just to change, but to be seen to change.

As the shift to digital continues to break down rules, structures and hierarchies across our professional and personal worlds, citizens are becoming thoroughly empowered. Often culture provides the fabric, and creativity the thread for their activism. For example, an eco-flashmob in a shopping centre, where social activists reward an unsuspecting and sheepish participant with a hallelujah chorus for her responsible behaviour⁷⁹.

At the same time, there is a growing interest in what the RSA has dubbed '*the social productivity*' of public services. In essence, this productivity is the degree to which public services tap into people's ability to meet their own needs, both individually and collectively – their activism, or civic engagement.⁸⁰ Politically, it is influenced not just by the efficiencies of self-help, but also by an interest in wellbeing. Structurally, the re-shaping of public services provides opportunities to do things better, as councils like Lambeth start to mutualise, and the Social Value Act puts the Treasury's valuation intentions⁸¹ into legislation.

Engaging and mobilising citizens as active partners requires expertise that lies outside of traditional public services but in which cultural organisations are experienced. The 2020 Public Service Commission⁸² on the future of public services has called for a commitment to policy solutions from the citizen perspective – '*a bottom-up approach that puts citizens in control of their own lives, and encourages social responsibility. No institution,*

78 We use arts throughout the paper to encompass the whole range of cultural provision, from heritage to theatre.

79 www.youtube.com/watch?v=y6Vow-QEiQA

80 Matthew Taylor 'Putting the social into productivity' *Public Finance*, 5 April 2012

81 HM Treasury's guidance for appraising projects states that 'the valuation of non-market impacts is a challenging but important area of economic appraisal. The full value of goods such as health, family and community stability, educational success and environmental assets cannot be inferred from market prices, but we should not neglect such important impacts in decision making.

82 *From social security to social productivity: a vision for 2020 Public Services: The final report of the Commission on 2020 Public Services* (2011) RSA

agency or government can achieve this on its own. In a sense our time has come, in this emerging world of co-production and social value. Cultural interventions are particularly good at building capacity, capability and aspiration in individuals and communities. And the cultural sector has already proved an adept partner in new approaches, like Citizen Power in Peterborough⁸³. Many cultural organisations are now well versed in the language of civic engagement, creating services that go beyond personal learning or social need, to encourage activism, build resilience and helping communities to flourish.

So if our services are sound, it's time to take stock of where we've reached in terms of understanding the value being created. There is no shortage of good practice and even spectacular outcomes in the arts, but these are rarely codified. There is little engagement with leading edge evaluation debate, and there is almost no formal connection with professional economists and public policy makers, from the Treasury to the London School of Economics, whose standards on measurement, causality and validity are both different and demanding. So while there is a growing perception that the arts are good at generating value in this new social sphere, how it is created, what precisely that value amounts to, and the effectiveness of cultural capital as an investment in our uncertain future are yet to be made clear.

The cultural sector is not alone in finding debates about impact evaluation and measurement difficult, but now it risks being left behind. There is real movement in the social sectors and growing interest in broader measures of social value – both to understand the impact of public spend, and to learn what works best. For example Big Society Capital and Inspiring Impact have developed an outcomes framework⁸⁴ and a code of practice⁸⁵ respectively, without significant input from the cultural sector. In fact, 'culture' appears in the framework in the most bland way, with accessibility, participation and 'improved' culture cited as outcomes.

The prize of forging a stronger understanding and being able to make a better case for the wider impact of the arts is more than worth the effort. With skills in community engagement, a passionate workforce, and innovation at our heart, the opportunity for the cultural sector could be not to catch up with other sectors, like education or health, but rather to lead debate and practice with regard to co-producing and measuring social outcomes.

This paper explores how we might bridge the gap between that opportunity and where we are now. The paper begins with Mandy's brief assessment of where we've reached in evaluation of the social value of the arts and the potential for greater innovation. Daniel then provides some commentary on the challenges of measurement, and the need for a wider focus on welfare. The paper ends with our joint conclusions. The debates can be technical, and some of this paper is challenging for anybody not well versed in the language of evaluation and measurement, but we hope it plays a part in a bigger conversation, with much more to come.

The paper has the following aims:

- to confront some harsh realities about the inadequacy of debate and measurement of the wider impacts of the arts

83 Citizen Power Peterborough is a partnership between the Peterborough City Council, the RSA and Arts Council England which testing how the renewal of civic activism and community action might improve networks, build participation and cultivate public service innovation. www.thersa.org/action-research-centre/public-services-arts-social-change/citizen-power

84 www.bigsocietycapital.com/outcomes-matrix

85 inspiringimpact.org/resources/are-you-leading-for-impact/#code

- to explore how we can best understand the value of this contribution
- to build stronger shared intention between the arts, citizens, and those in local government and service delivery
- to identify what needs to happen for the potential discussed in this paper to be fully realised

The hope is that if we can agree a framework to capture all the value we create, learn what works, *and also* involve practitioners and the public – this will act as a catalyst for social productivity –encouraging more investment and experimentation in these approaches.⁸⁶

Section one – towards better models of wider impact

Mandy Barnett

Our starting point is that the cultural sector needs to agree a single framework within which to talk about value, while disentangling the social from the cultural in the process. So fundamental to our approach is that the cultural sector should present *all* its value including ‘intrinsic’ benefits and especially those in the social sphere. By assessing these side by side we can understand the importance of our cultural capital (sense of identity, empathy, ability to imagine different futures, for example) as well as our social capital (relationships, community resilience, health and wellbeing and so on). Until we do so we will fail to make the case for why a cultural project offers something in addition to say, a sports project which can do all of the latter too.

This paper is therefore seeking to connect to the pragmatic aim of all the papers in this report – to help remake the public and private investment case for the arts. Making this case clearly hinges around value, which not surprisingly has the full attention of the Arts Council⁸⁷ where it will no doubt be central to new work on Cultural Commissioning⁸⁸, DCMS, particularly through the work of Dave O’Brien and Claire Donovan⁸⁹ and the AHRC’s Cultural Value Project⁹⁰.

But it also explores some underlying thoughts about why the case still remains to be made, and why our evaluation processes remain weak, neither appropriately framing value, not effectively helping us learn. This is why they are far from adequate to meet the needs and opportunities of our changing world described above.

86 For a fuller discussion see – *From social security to social productivity: a vision for 2020 Public Services: The final report of the Commission on 2020 Public Services* (2011) RSA

87 CEBR ‘The contribution of the arts and culture to the national economy’ published by Arts Council England, 7th May 2013

88 Arts Council England’s cultural commissioning grant has been awarded to NCVO, NPC, nef and MMM www.artscouncil.org.uk/funding/our-investment/funding-programmes/cultural-commissioning-grant

89 Claire Donovan (2013) ‘A holistic approach to valuing our culture: a report to the Department of Culture, Media and Sport’. London: DCMS. www.gov.uk/government/publications/a-holistic-approach-to-valuing-our-culture

90 AHRC Cultural Value Project www.ahrc.ac.uk/Funded-Research/Funded-themes-and-programmes/Cultural-Value-Project/Pages/default.aspx

1. The wider value story – progress so far

1.1 Valuation

Though it's been well over a decade since the PAT 10 report⁹¹ and *Use or Ornament*⁹² were published, the cultural sector still struggles to convince others of its value. It is telling that unlike other departments, the DCMS does not yet have its own Green Book supplement⁹³ to support clients in making their case to government.

Recent years have seen pockets of thoughtful practice but they have not yet been scaled or spread more widely. (This issue of embedding will no doubt challenge the Cultural Commissioning project too.) For example, Liverpool Arts Regeneration Consortium (LARC)'s work detailing intrinsic outcomes⁹⁴, the museum sector's Generic Learning Outcomes, and more recently, the use of 'new' economics to value wellbeing for Happy Museums (see below) are effective approaches. One particularly significant cross-sector programme was the 'largest schools-based creative learning intervention ever seen' (Arts Council England), Creative Partnerships. The programme developed a self-evaluation process for its impact on all participants; pupils, teachers and practitioners as well as schools⁹⁵. And increasingly, organisations are using the tools of partners, such as WEMWBS⁹⁶ or the Outcomes Star. These sit alongside an over-focus on 'old' economics. The Contingent Valuation⁹⁷ studies from Bolton in 2005⁹⁸, and the British Library in 2003⁹⁹, remain the examples most often used to define value.

Why has progress been so slow given the decade long focus on 'value' and return on investment? Part of the problem is that we have had lots of discussions about measurement, but much less focus on value¹⁰⁰. When we do discuss value, we tend to focus either on intrinsic or on instrumental value, lacking an overarching framework where we could discuss each together. As a sector, we lack the language to air our internal differences. It is a challenge, consequently, for the sector to demonstrate our common cultural value to others.

1.2 Learning

Without a common framework, it is hard for us to share learning about what works. The sector welcomes the discussion of quality, but we lack a story of change that explores causality – which investments, or which good practice make the greatest difference. (In fact many evaluations fail to even mention the investment in their work, and for years Felicity Woolf's sector-standard guidance omitted the issue of cost.¹⁰¹) It also leaves us unable to compare; for example, to assess the benefits of innovation against building on good practice, or the value of working in depth with a few, to working in brief with many.

91 Social Exclusion Unit's Policy Action Team 10 report for sports and arts, 1999

92 Francois Matarasso, *Use or Ornament: Social Impact of Participation in the Arts* 1997

93 The Green Book is HM Treasury's guidance to central Government on appraisal and evaluation of policies, programmes and projects.

94 Baker Richards and WolfBrown, 'Intrinsic Impact: How Audiences and Visitors are Transformed by Cultural Experiences in Liverpool' published by LARC, 2011

95 Parker, D. (2013) *Creative Partnerships in Practice* London: Bloomsbury www.bloomsbury.com/uk/creative-partnerships-in-practice-9780826444912

96 The Warwick and Edinburgh Mental Well Being Scale

97 Contingent Valuation is explained below

98 Jura Consultants, *Bolton's Museum, Library and Archive Services: an Economic Valuation* published by Bolton MBC and MLA North West 2005

99 *Measuring Our Value*, published by the British Library 2004

100 The case for a more relevant, coordinated effort was made on behalf of ACE and the RSA by John Knell and Matthew Taylor in 2011

101 www.artscouncil.org.uk/publication_archive/partnerships-for-learning-a-guide-to-evaluating-arts-education-projects

Even if we could develop a widely supported quality/value framework (a task which we consider below), the arts and cultural sector lacks a consistent, sustainable forum for sharing learning, and the resources for strategic sector or workforce development, like Renaissance in the Regions, are being reigned in. Sharing happens through formal networks, LARC for example, or funded programmes like Paul Hamlyn Foundation's Our Museums. But because these initiatives are developed by closed professional groups they lack wider buy-in. Despite the promising work of CASE¹⁰², and even where there are long established resources, like Arts Professional, or the Museums Journal, we don't have the systems to exchange evidenced good practice across even the arts or museums, never mind the whole cultural sector.

Consequently as a sector, we have no forum to reconcile our internal differences, or share learning between ourselves or with others. So it's hard for organisations to make better choices or to reliably improve over time.

1.3 Motivation

The valuation and learning problems both undermine the motivation for evaluating which tends then to be at the behest of the funder.

So much for a step change in social productivity.

2. Re-thinking evaluation

2.1 Why evaluate?

If we are going to develop value and measurement frameworks that allow us to better capture the wider impact of the cultural sector, we need a sector wide debate about evaluation – so we can clarify our intentions, seriousness and methods. With the arts, museums and libraries coming together at the Arts Council, we look forward to a new Culture Council helping us to do just that. Where might we start?

Ten years ago, when Sir Andrew Likierman, then government accountant and now Dean of London Business School, taught MBA students how to measure organisational value, he showed four purposes:

1. To meet targets
2. To benchmark against rivals
3. To improve over time
4. To understand opportunity costs

Although there is crossover, the first two are primarily about value and impact and broadly speaking most interest funders and commissioners. The latter two are about quality, learning and improvement, and are of most interest in delivery¹⁰³.

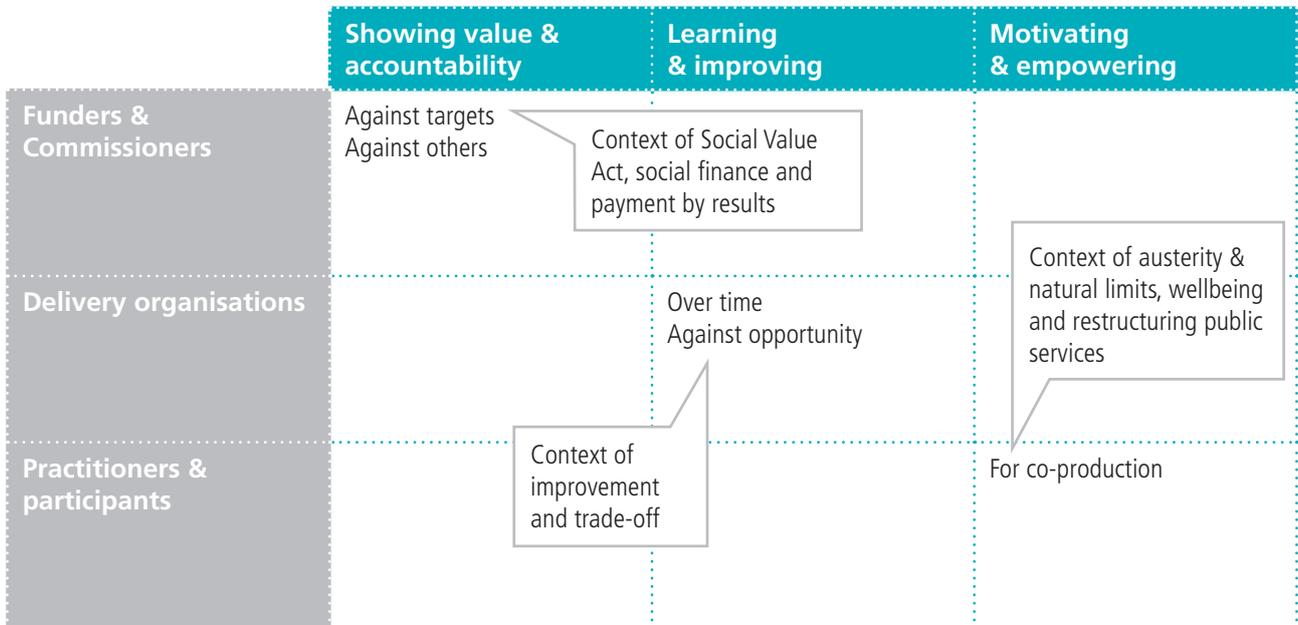
This seems like a good starting point for tackling the evaluation of culture's wider impact. But to be fit for the world of engagement and activism we describe above, we have an additional purpose, alongside valuation and learning; co-production.

102 www.gov.uk/case-programme

103 These were included in Likierman's teaching on Measuring Organisational Success.

Figure one below outlines how we might think of an evaluation and improvement model for the arts and cultural sector.

Figure one: Different purposes and stakeholders for evaluation



The first purpose, showing value, highlights how we need to prove our impact against what we said we would achieve. We need to do this with some understanding too of what others achieve in say, sports or youth services, identifying our unique value. As a result we are able to both advocate for our work, and account for our funding. The context for this is a new commissioning environment where payment may well depend on results, but there are also opportunities for loans through social finance. In public commissioning, it will be influenced by the Social Value Act, which requires public spend to consider social and environmental, alongside economic benefit – a not to be missed opportunity for the cultural sector.

The second purpose, that of learning, will help us discover causality and identify the quality and good practice that made the difference. It also prompts the question, how else could the money have been spent? As Daniel shows below, finding out how outcomes for participants improve over time, or against other opportunities is fraught but essential.

The third purpose, empowerment, focuses on how we can motivate practitioners and participants to co-create benefit through the way we evaluate, making sure we meet real need. It will enable us to grasp the opportunity presented by a policy focus on wellbeing and to deliver within restructured public services, which are themselves a necessary response to the financial and environmental limits we face.

The vital importance of thinking about these purposes and stakeholders together is that as a consequence we move from a narrow debate about measurement mostly driven by funders – to a much bigger opportunity to share responsibility by reviewing *and* planning together, addressing both ‘formative’ and ‘summative’ evaluation¹⁰⁴, or the ‘normative’ and ‘positive’ economics Daniel describes below.

104 The evaluation done before or during a project (formative) and after a project (summative).

One way to explore this approach is through our recent experience in the Happy Museums project, which builds on earlier work with the Museum of East Anglian Life (MEAL) looking at Social Return On Investment (SROI) in the museum.

2.2 Principles into practice – the Happy Museum Project

The Happy Museum project reimagines museums for a sustainable future, by fostering wellbeing that doesn't cost the Earth. It looks at how the UK museum sector can explicitly create wellbeing and resilience and care for the planet, with museums becoming stewards of the future as well as the past. Its purposes are the three we explore above – to learn, show value and empower participants. Happy Museum is the brainchild of Tony Butler, Director of MEAL, and is funded by Paul Hamlyn Foundation and the Arts Council. To fulfil these three purposes we have commissioned 12 museums to engage in action-learning, asked Daniel Fujiwara to undertake a wellbeing valuation of museums, and throughout work to the principle 'measure what matters', so how and what we measure empowers everyone involved.

To plan and evaluate this complex programme, we use a Story (or Theory) of Change methodology, which is at the heart of the framework we propose below, alongside Daniel's academic research. Story of Change strongly supports two of our purposes: it is designed to identify causality; but is also used to build empowerment. It is simple, but remarkably effective. We start by identifying a vision together – a fundamental enabler in any change programme¹⁰⁵ – in this case, along the lines of reimagining museums for a sustainable future. We then work backward to plan what difference we want to make and therefore what we need to do. Finally we plan our investments, both costs and good practice commitments. (We deal with valuation later.)

Dovetailing Story of Change with Daniel's academic research allows us to build the relationship between our narrative and numeric (or qualitative and quantitative) approaches in a cycle of improvement. Story of Change has been particularly successful with the 12 distributed teams allowing them to devise their own stories of change, so they are measuring what matters to them locally. Centrally, learning from several museums means we can draw out what we believe are the common success factors. In the third round of Happy Museum we are inviting museums around the country to test these (as well as evidence from wellbeing research) through academic research in the form of a distributed wellbeing survey.

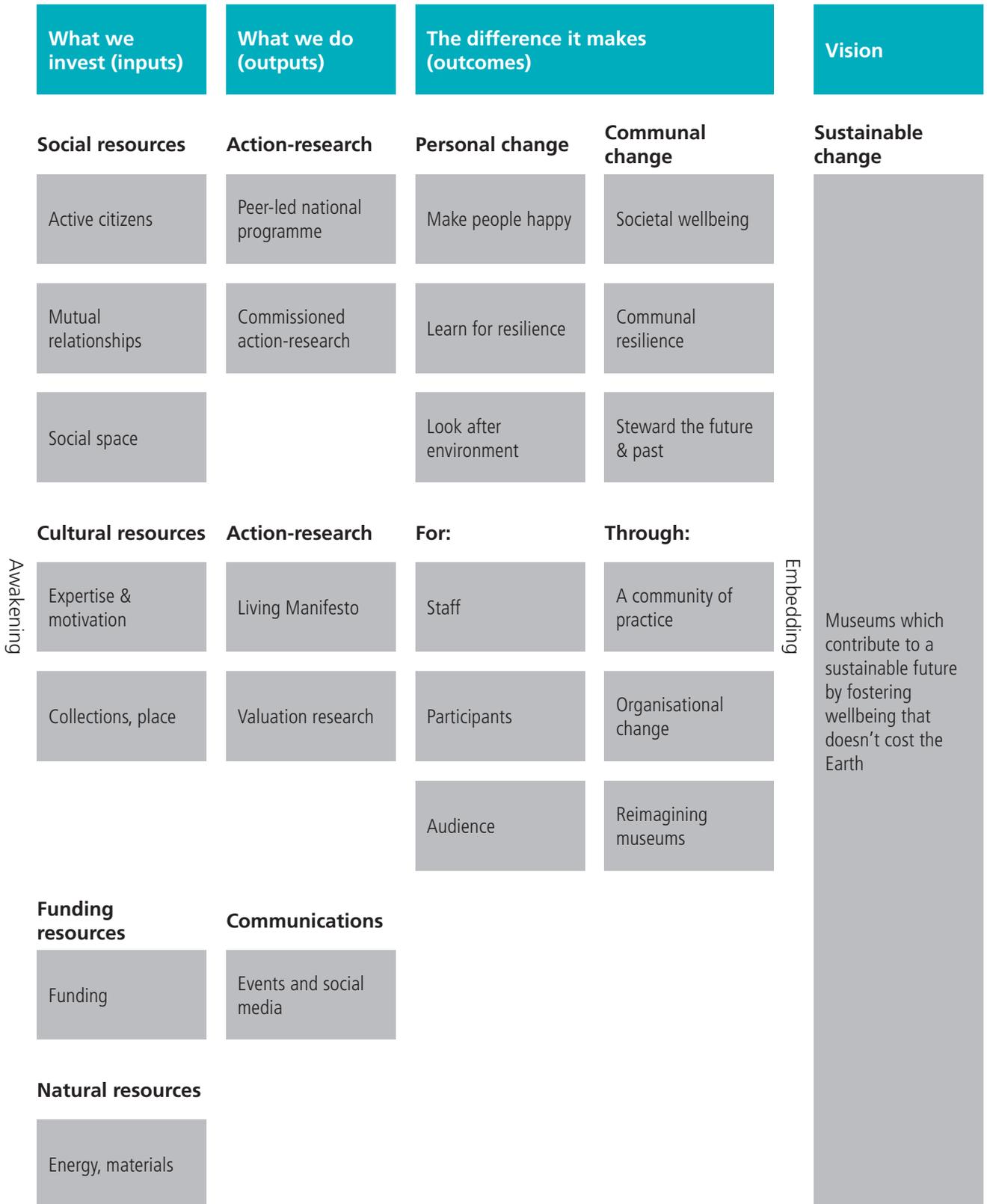
Figure Two is the Story of Change for round 2 of the Happy Museum project. As work in progress, we don't claim this is a perfect Story of Change, but it is a useful one. Note, in our approach we identify good practice commitments as investments, whilst they might also be considered outcomes. These are the cultural and social assets that we believe are a strength of high performing cultural eco-systems, but which may need building in other areas. This demonstrates that value is not only relevant in terms of outcomes, but also in terms of the investment and intervention too.)

105 see Kotter, for example

Figure two – Happy Museum Project –Theory (story) of change model



Story of change: measuring what matters in the process and purpose of change



Our third Happy Museum purpose, to value ‘happy’ museums, builds on the first work we did with Tony Butler on a work-based learning programme at MEAL. As a paid-up social enterprise, the museum was keen to prove its impact and commissioned us for an Social Return On Investment (SROI) analysis¹⁰⁶. We have found the SROI approach very effective because it supports collaborative working by consulting with partners and recognising their contribution. It also values less tangible outcomes, and evaluates the difference we make over the long term, including with preventative services. For MEAL, it showed the fundamental importance of the cultural assets, the hidden value of family outcomes and the need to work with partners to enable participants to progress. The fourth key learning was that it made participants very happy, but at the time, there was no accepted practice for valuing happiness.

To address this gap, in the Happy Museum project we commissioned Daniel to do the first Wellbeing Valuation in the cultural sector using a ‘monetisation’ approach in the report *‘Museums and happiness: The value of participating in museums and the arts’*.

2.3 The need for a wider approach

What we’ve learnt has informed our belief in the need for a wider approach – a whole quality/value framework for culture backed by the forum to discuss it. Figure one above showed *why* we might evaluate culture. This section looks at *how* and *what* we evaluate.

We start with some principles. Both the SROI Network and Inspiring Impact have published excellent general principles for measuring impact¹⁰⁷. We add these three:

To empower people we need to speak plain English to participants – from homeless people volunteering at London Transport Museum, to local museum trustee Lady Celia Forbes – are involved in the conversation. Rather than inputs, outputs and outcomes for example, we talk about what we invest, what we do and the difference it makes.

To learn, we also need to define what is unique about culture. A sports programme, for example, may develop self-belief and build a team in the same way that a cultural programme does. But it probably doesn’t encourage the ability to imagine different futures that can result from cultural work. Through Happy Museum, we’ve consolidated our investment language by identifying the social, cultural, financial and natural resources. At the same time we are starting to work on how the ‘returns’ – the difference we make – can be grouped into social, cultural, economic and environmental affects (sometimes benefits, sometimes losses).

To value culture, we need to quantify outcomes, and be aware that value is created and lost at all points in the story of change. We are all too aware that many resist valuation because the arts are ‘priceless’. Our view is that the arts *are* being valued, but by the few cultural leaders who hold the purse strings. Econometric or consultative approaches make valuation transparent and shared.

106 MB Associates, *Investing in culture and community. The Social Return On Investing in work-based learning at the Museum of East Anglian Life*. 2011

107 SROI principles can be found in the guide at www.thesroinetwork.org/publications/cat_view/29-the-sroi-guide and the code of practice from Inspiring Impact at www.inspiringimpact.org

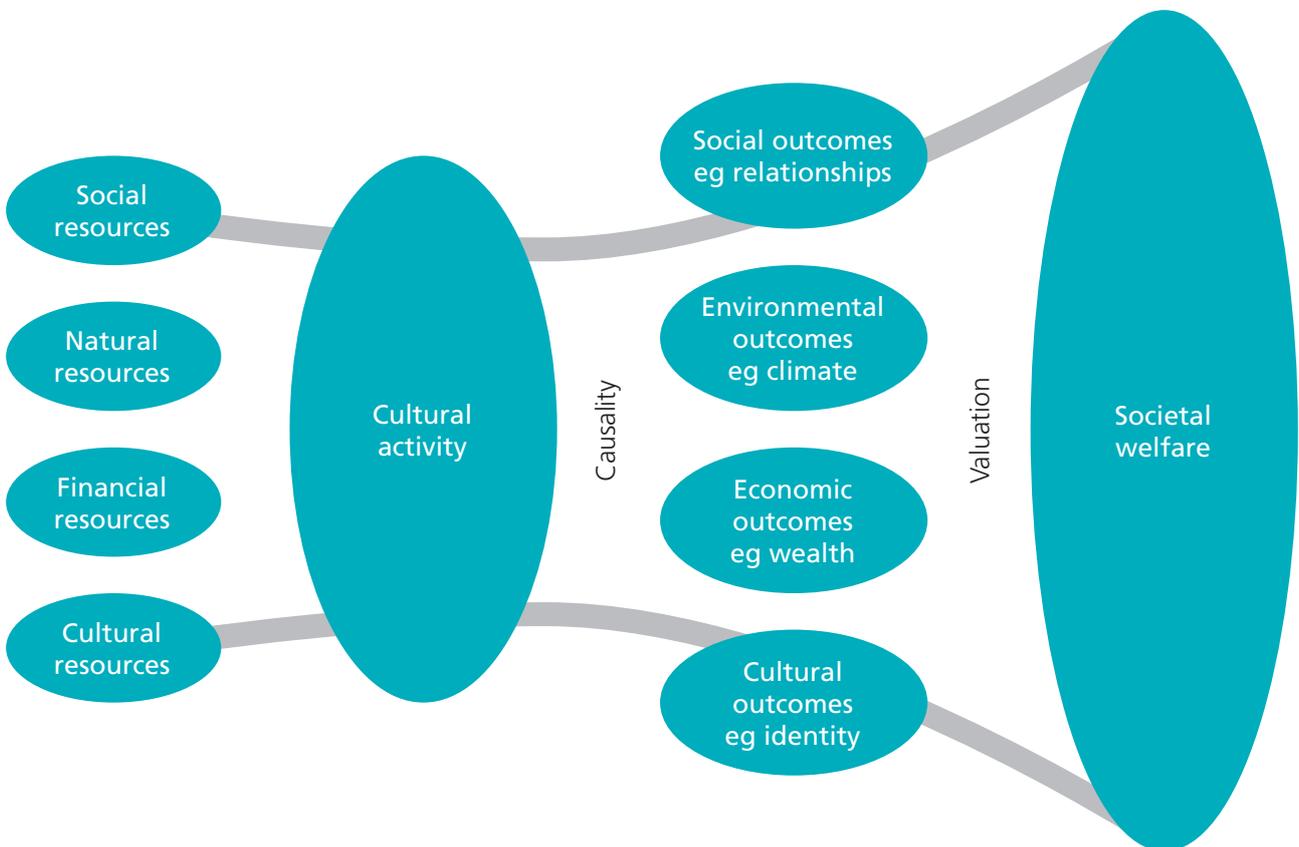
3. Return on cultural investment

As a result of our own work and building on a SROI approach, we are developing a framework with the working title 'return on cultural investment' (see figure three). We believe it is critical that the sector, with all its diversity, comes together around a framework (not a model). This means all metrics can fit within it (LARC's intrinsic measures for example, or WEMWBS, or the GLOs) but unlike a model the framework does not dictate which are used. Instead it disciplines the language and codifies the content.

The three features of our suggested framework are that firstly, it centres on a Story of Change, a logical narrative which plans as well as reviews the intervention, and which is created and developed by all those involved.

Secondly, it embraces the entire system, from investment through delivery to outcomes, highlighting that value is added (or lost) through the investment as well as the impact made. In thinking clearly about the investments, it would be place-specific and would uncover the complex supply chains that are often hidden in arts eco-systems. Within this whole system, ROCI would capture and distinguish cultural as well as social value (which might be termed intrinsic as well as instrumental) – *alongside* the economic and environmental. Here are a couple of examples distinguishing cultural and social elements from Create Gloucestershire. In one project a housing association is making a cultural investment (for young people to participate in a theatre group) to avoid poor *social* outcomes (anti-social behaviour). In another, a project works with families on the brink of domestic violence. It uses cultural investments (creativity, freedom of expression) to help women and children improve their *cultural* outcomes (sense of identity, ability to find a better place in the world).

Figure three: A framework of return on cultural investment



Thirdly, the significant impacts the arts make would be quantified in terms of societal welfare, our suggested key currency for the wider cultural sector, enabling us to show both value for money, and the relative value between the things we achieve.

This framework should be accompanied by a forum for learning and a shift towards co-production. Clearly it needs the buy-in of a coalition of partners, in and outside the sector.

3.1 Making culture work

To ensure the ROCI framework works broadly across the sector, we hope to establish a programme of action and academic research to develop the ideas. Our action-researchers will be working on what we think creates value at each point, what we do in our cultural activity and what outcomes we think it creates. Our academic research will explore the links, showing causality to evidence our judgments. This programme is not a funded project nor a policy-driven initiative. It is an invitation to cultural practitioners and others to pool their thinking to create something that works nationally.

In the next section, Daniel outlines how leading edge thinking in economics is supportive of this approach, and can provide the tools to make it happen. We cultural specialists share with the economists an interest in learning what works and valuing impact, but we have a stronger view of the need to empower participants. We both believe that not only should the ultimate goal be welfare (as you'll see below), but the way we reach that goal should contribute to welfare.

Section Two – Thinking about the value of culture – An economist's perspective

Daniel Fujiwara, London School of Economics

Economists have a long history of researching and doing evaluation – it's part and parcel of the discipline. So what do we need to understand about economics, evaluation and measurement if we are to make progress in the way Mandy describes in the previous section?

The most important message of this section is that there is room for a lot of improvement in the way we evaluate the arts and culture, but on a positive note that the tools are available for us to do so in a robust way – both in terms of how we assess the causal impact of cultural activity and value that impact. If we want to make culture work, in Mandy's terms, then we have to make evaluation and measurement work more precisely and cleverly.

Introduction

Let's start by making a definition. We can think of economics in two ways. First there is *economics as outputs and indicators*, which are measures such as GDP or economic growth rates. Second, there is *economics as a science*, which is a much broader phenomenon about the theory and technical methods that underlie economics and the tools that economists rely on to do their research. The former is often how economics is portrayed in the

media, but economics as a discipline is about much more than GDP or economic growth. Indeed, many economists (myself included) do not work on areas at all related to how the economy is fairing. Economists are increasingly diverting their interests to a wide range of areas including, altruism, marriage, evolution, neuroscience, psychology, education, crime, happiness and also the arts and culture. From here on, I shall use the term 'economics' to refer to *economics as a science*.

So what is economics? In the very broadest of terms economics is the science of resource allocation: it looks at how people allocate (and should allocate) scarce resources. Within this there is **positive economics**, which is about explaining *what happens* – for example the relationship between interest rates and economic growth or the effect of subsidies on educational attainment. It is interested in cause-and-effect relationships and is technical in nature. On the other hand, **normative economics** is about *what should happen*, which draws heavily on philosophical arguments. I acknowledge that the distinctions are often not so clear-cut, but they suffice as an introduction and as the basis for what we shall discuss here.

Both normative and positive economics have a lot to say about how an intervention should be evaluated (in both planning and review), and indeed economics dominates how governments evaluate their policies – it is the foundation of the HM Treasury Green Book Mandy mentions above and also of methodologies used by other governments and public organisations across the world. It is probably less well-known that economics is also the (implicit) foundation of Social Return on Investment (SROI). Let's explore these foundations before moving on to a discussion about how they can be used to evaluate culture and the arts. The scope of this paper is such that I can only provide a brief introduction to these topics.

An aim of evaluation is to improve how resources are allocated to get the best results and so economics as a science is ideally placed to contribute. The normative core of mainstream economics is **consequentialist welfarism**. This states that actions *should* be evaluated in terms of their outcomes *and* that ultimately the only outcome that matters is welfare. In other words, welfare is the *ultimate good*. Economists nowadays tend to measure welfare or how well someone's life is going by the extent to which her preferences are satisfied, where preferences are not restricted to just market goods, like DVDs and iPhones, but also encompass non-market phenomena, such as the environment, culture and health. This stems from theories on wellbeing from ethics that go back millennia¹⁰⁸. It is important to note that this has not always been the standard measure of welfare in economics – early political economists/political philosophers, such as Bentham measured welfare as the balance of pleasure over pain, (known as 'hedonic' measures of welfare), and recently there has been a move in economics to use measures of subjective (self-reported) wellbeing – more on this later.

1. Cost-Benefit Analysis

Stemming from this welfarist framework, it is morally right that interventions should seek to increase the welfare of individuals and society as a whole, and evaluation becomes the assessment of whether they have and by how much. And this is the basis of cost-benefit analysis (CBA), the foundation of the Green Book and most policy evaluation in OECD countries, and its off-shoot SROI. CBA is a complex framework that assesses whether welfare gains (benefits) exceed welfare losses (costs). If welfare benefits exceed costs, then the intervention is deemed worthy and should be undertaken. CBA can be seen as the operationalisation of the consequential welfarist paradigm for policy-making.

108 It is often called the 'desire satisfaction account' in philosophy.

2. Valuation

Now, in order to be able to compare benefits to costs, CBA converts all welfare impacts – which could be financial ones (eg the costs of implementing the policy) or non-financial ones (eg an improvement in health or the environment) – on to the same metric: a monetary scale. We seek to estimate the *monetary equivalent* of the change in welfare and to do this market data and prices can be used. Or where outcomes are non-market ones like environmental quality, economists can ask respondents what they would be willing to pay in a hypothetical market, known as contingent valuation surveys (the Bolton Museum and British Library analyses Mandy mentions above are examples). Note that both market data and surveys like contingent valuation, rely on information about people's preferences over different goods and outcomes. Hence they are termed preference valuation methods.

Monetization of outcomes and non-market goods should not be seen as some blunt 'capitalist agenda' that could devalue these things. It is simply a way of converting the welfare gains and losses on to the same metric so that they can be compared – indeed we could convert welfare changes in to jelly beans or Mars bars instead!

A long-running theme in economics is whether preferences *are* a suitable measure of welfare. They can only tell us something meaningful about welfare if preferences are well-informed and coherent, but people's preferences are highly context dependent, readily switched and often poorly-informed. Study after study has shown that irrelevant environmental factors and cues, such as the smell of the room, the order in which information is presented or priming people with large numbers have systematic effects on people's preferences and their willingness to pay¹⁰⁹.

These problems have led some economists to turn to self-reported measures of wellbeing instead. Measures of subjective wellbeing (SWB), such as happiness, life satisfaction and whether things in life are worthwhile are now routinely administered in large national datasets and used by some cultural organisations, in the form of WEMWBS for example. A commonly used measure is life satisfaction, which tells us something about someone's mood at the time of the question together with an overall evaluation of how things are going in their lives and whether their goals are being met. As with all the measures of SWB, life satisfaction has had its critiques¹¹⁰. However it has been validated in numerous scenarios, showing that life satisfaction responses correlate well with activity in the areas of the brain associated with pleasure and enjoyment and with health and suicide¹¹¹. Furthermore, despite the seemingly simple question and the short time respondents take to answer it, life satisfaction responses are affected by all characteristics and life events that we would expect – health, marriage, environment, housing, crime, money, friendships, culture, sport, arts etc. Clearly, measures like life satisfaction tell us something meaningful about how our lives are going.

SWB measures can be used in valuation because we can look at the impact of something on an individual's welfare (here SWB) and estimate the equivalent amount of money that would be needed to produce the same change in welfare. The Wellbeing Valuation method is very versatile and can be used for a wide range of non-market outcomes¹¹² and later I discuss its application in valuing culture.

109 See Fujiwara and Campbell 2011 for an overview of this literature ref

110 (see Nobert Schwarz's research (e.g., Schwarz and Clore (1983)) for more on this).

111 See Fujiwara and Campbell 2011 for an overview of this literature ref

112 (see Fujiwara and Campbell 2011 for more details) www.hm-treasury.gov.uk/d/green_book_valuationtechniques_250711.pdf

3. Welfarism and culture

Is the welfarist framework employed in economics suitable for evaluating the arts and culture? I think it is the best framework currently available and here are my reasons why. I think it is hard to argue against the notion that welfare is the *ultimate good* for people. This doesn't mean that other things often valued in their own right, such as self-esteem, health, identity, safety, altruism etc, are not important. It means that they are important in the consequences they have for our welfare.

Two possible arguments are that there are other morally relevant things in this world than welfare and that arts and culture have their own intrinsic (or different) value. On the former, Nussbaum has been a strong proponent of the Capabilities approach¹¹³, a list of the fundamental goods that all human beings have a right to, regardless of whether these goods are positive for welfare. Linked to this it could be argued that the arts and culture have an intrinsic value in addition to (or separate of) any welfare implication and in this sense standard CBA would not be able to provide a full evaluation of the arts and culture, based as it is, on welfarism.

In defence, it is hard to find instances when people do things that ignore their welfare. When things turn out badly, it is likely that this was because that individual was unable to predict the consequences at the time of the decision. As we find in the psychological sciences and increasingly in neuroscience, people often make the wrong choice (something bad for their own welfare), but this does not mean that they were not trying to improve their welfare in the first place.

Another feature of welfarism as we propose here 'privileges' the individual. That is, the individual is the only one who determines what is and isn't important to him. Some are opposed to this level of unimpeded liberalism. The fear is that welfarism might allow, for example, person A to torture people on the basis that he gets pleasure out of it. But these types of problems are resolved when we take an aggregate level societal view (as we do in policy evaluation). At the aggregate, we would need to also account for the welfare of person B who would suffer the torture and the many other people who would suffer in the knowledge that A was torturing B. At the aggregate societal level, then, the negative welfare impacts would outweigh A's pleasure and so the act of A torturing people would become morally wrong under welfarism, as you would expect.

A brief scan of the literature on culture highlights a diverse range of theories on the benefits of culture. This could include helping us form connections with others, allowing us to understand our histories better, developing our own identities and sense of place and so on. The benefits of the arts may also be in its ability to make us sad or critical. The question is, are these values distinct from welfare? Or do they matter precisely because they are ultimately good for our welfare?

Let's say we build a complex theory of change showing the value of culture based on identity, where identity becomes the intrinsic moral good. Say it turns out on inspection that culture is more 'valuable' in creating identity than employment programmes or urban regeneration, and we can also show and rank the types of

113 (See Nussbaum (2000). *Women and Human Development: The Capabilities Approach*. Cambridge University Press, Cambridge). This could be the right to vote or the right to education and they often resemble human rights. In Nussbaum's view these non-consequentialist (or deontological) rights trump all consequentialist outcomes, regardless of the impact on welfare. So, to give an extreme example, denying someone's right to vote should not happen even if it made everyone else in the world better off from it. Nussbaum proposes *Hegelian cost-benefit analysis* as a reformulation of standard welfarist CBA to include deontological constraints (see Nussbaum (2000). *The Costs of Tragedy: Some Moral Limits of Cost-Benefit Analysis*. *The Journal of Legal Studies*. 29 (2) 1005-1036).

cultural activity that create the most identity and therefore value. Now, the question is would it not be possible to generate this same ranking of activities by looking at people's preferences for each activity, or at their SWB when partaking in each activity? I would hazard a guess that because welfare is such a broad concept that has been argued to underlie our fundamental behaviours by many philosophers and social scientists, it is likely that a ranking based on preference or SWB would be very similar to the ranking based on our theory of change with identity. The same type of argument can also be made with respect to any other factor that is deemed to be an important cultural outcome, such as creating sadness and reflection or connection with others. As Nobel Laureate Milton Friedman famously put it, the ability to reflect real-world phenomena is all that a theory requires, even if its assumptions are simplistic or unrealistic.

Welfarism is a great point of departure to start thinking about how we evaluate the arts and culture. Although it can seem rather broad-brush, there's a lot to be said for a school of thought that puts our welfare at the very centre of all that is important and evaluates interventions in terms of whether they improve our welfare.

4. Evaluating culture

How could the welfarist approach be employed to evaluate culture? Its long history in philosophical thought and in economics has led to the generation of a number of well-defined tools and methodologies. Since it is the standard approach used in CBA, evaluating culture in this way will make it consistent with public policy-making and comparable to interventions in other areas such as health, employment and productivity.

The previous section set out the Return on Cultural Investment (ROCI) approach, which shows how cultural activity can be evaluated within a cost-benefit framework. The *normative* foundations are set out – this is clearly a welfarist framework, where the welfare of society is the ultimate goal. Now there are two key *positive* (ie methodological) issues here. First, how do we measure the *causal* impact of cultural activity on an outcome? And second, how do we value this impact?

4.1 Causality

Inferring causality is central to all evaluation. In terms of culture, we are concerned about whether a cultural activity can be attributed with impact on say an economic outcome (GDP), a social outcome (friendships) or a cultural outcome (identity, creativity). This is highly complex and despite its fundamental importance I think that it is one of the most poorly understood areas of social impact evaluation.

Let's imagine two groups: Group A, which has partaken in a cultural activity (say, performing) and Group B, which has not. We are interested in the value that performing creates in terms of improved social outcomes (let's say friendships in the local community) and ask about people's relationships in a survey administered to the two groups. The problem in inferring causality is that there may be a whole host of factors that differ across the groups *in addition to* their having done the performance or not – which we will shall call their *treatment status* to align with the statistics terminology. Say that Group A did have better social outcomes than Group B. This could have been (i) because they were different to start with: they could have just been more outgoing, and outgoing people are more likely to do the cultural activity and more likely to build friendships anyway; or (ii) because something in addition to the performance may have happened to Group A at the same time. There is a

long list of these 'threats to validity'¹¹⁴ and from my own work I have found that not accounting for these threats can lead to biases of up to 1,000 per cent in the wrong direction!

Let's touch on three common ways that we often see used to assess causality and discuss their problems before moving on to solutions:

Simple group comparisons – where Group A's outcomes are compared against Group B's outcomes and any difference is attributed to the performance. This creates biased estimates because Group A and Group B are likely to differ on a whole host of factors that could impact on their social outcomes.

Pre and post-treatment comparisons – where Group A's outcomes before the performance are compared against the same group's outcomes after the activity. This is also biased since there are likely to be a host of other things that have happened in the meantime as well.

Respondent surveys – where people in Group A are asked what impact they think the performance had on their social outcomes. Again, this is biased because it relies on people knowing what would have happened in a world where they didn't partake in the activity – a phenomenon known as the counterfactual – which is clearly a cognitively difficult thing to assess. We will cover the counterfactual in more detail below.

In a nutshell, these methods should not be used to infer causality. Respondent surveys, including focus groups, do have their use – they are great methods for helping us to understand the possible context and mechanisms through which something happened, but they are poor tools for inferring causality. So what are the options? Inferring causality requires that we compare what did happen for the treated to a world of what would have happened without the treatment, the latter known as the *counterfactual*. In other words, compare what happened to Group A with what would have happened to Group A if they had not partaken in the activity. The problem is that we can never observe this counterfactual world. Instead we try and simulate it by making the non-treated group (Group B) as similar as possible to Group A. If this is done properly, then the non-treated group's outcomes would provide an accurate description of the counterfactual.

Making groups identical is difficult because we do not observe all characteristics about them. A significant amount of statistical research is devoted to methods for controlling for observable differences. Although these methods are more robust than the three methods discussed above, they are always open to validity threats because it can never be sure that they have controlled for all the possible differences.

This leads us on to the role of the *randomised trial*. It can be proven (mathematically) that if treatment is randomly assigned across different groups then the groups will be on average identical on all factors except for treatment status. The randomised trial can produce robust estimates of causal impact – in terms of causal inference they are the 'gold standard'. This is because randomised trials are best at 'balancing' all other possible confounding factors across the groups to ensure that outcome differences are due to the treatment and only the treatment. A standard criticism of randomized trials is that they are in some ways unethical. But there is an ethical argument for testing interventions properly before rolling them out to the general population. And

¹¹⁴ There are different forms of 'validity' in relation to causal analysis. Here we are talking about *internal validity*, which concerns whether the estimate has a causal attribution.

through slightly more involved methods¹¹⁵ we can randomize treatment whilst still giving people the option of whether they want to partake, or we can focus treatment on those most in need and still get close to the 'gold standard'. For example, if we cannot randomize people into participation, we can instead *randomise encouragement* to participate, say through randomly distributing vouchers to participate in an event. Here people are still free to choose but we can trace a robust casual effect. These methods have been used frequently in understanding the benefits of adult learning and hold promise for the cultural sector too.

4.2 Cultural Valuation

Once we have estimated impact on outcomes we want to value this by assessing how it affects people's welfare. Under a welfarist framework, the correct measures of monetary value¹¹⁶ can be aligned with the concepts of *willingness to pay* (for good outcomes) and *willingness to accept* (compensation for bad outcomes). As I have alluded above there are basically three ways we can do this. If we rely on a preference satisfaction account of welfare then we could use market data (where preferences are revealed) or contingent valuation survey data (where preferences are stated). Or we could use the wellbeing valuation approach.

(i) Revealed preference methods

This approach uses data on markets where people explicitly or implicitly trade the outcomes of interest. A common example is in valuing environmental amenities through house prices (houses in quiet areas command higher prices). Revealed preference methods are highly restrictive as proxy markets often do not exist for many non-market goods.

(ii) Stated preference methods

Where values cannot be gleaned from revealed preferences in markets, economists have used contingent valuation and choice modelling surveys. Here a hypothetical market scenario for the non-market good is described and people are asked how much they would be willing to pay (usually in extra taxes) for the outcomes.

(iii) Wellbeing Valuation method

Above we have briefly highlighted some of the problems associated with preference-based approaches and the alternative of using wellbeing valuation. In wellbeing valuation we calculate the impact of the non-market outcome on a measure of SWB (let's use life satisfaction here) and then we find the impact of income on life satisfaction. We can then calculate the equivalent amount of money required to derive the same impact on life satisfaction as the non-market outcome.¹¹⁷

For example, if we estimate that living in a safe area on average increases an individual's life satisfaction by three per cent. We then need to find the equivalent amount of money that also increases life satisfaction by three per cent. If this were, say, £2,000 per year, then that can be said to be the value of living in a safe area. These values can be estimated using large national datasets, such Understanding Society (formerly BHPS), though with the same causality caveats described above. The level of detail in UK datasets like Understanding Society is such that we can value a wide range of outcomes and non-market goods, including, health, cultural participation, safety,

115 such as instrumental variables and regression discontinuity design,

116 known as compensating and equivalent surplus

117 The monetary value is derived from a calculation of what is known in economics as the *marginal rate of substitution* (MRS) between the two things – that is the ratio at which they can be traded-off against each other. As desired, the MRS calculates the CS or ES, concepts that align to WTP and WTA for the outcomes.

social relationships, the environment etc, without relying on market data or undertaking costly preference surveys. Hence wellbeing valuation is an increasingly popular method in the UK government.

Wellbeing valuation eradicates many of the problems related to preference valuation methods discussed above because we are not asking people directly how much they value something. Alongside the context-sensitivity problems related to preferences, preference valuation methods can be problematic because they rely on people accurately forecasting how the non-market good will impact their lives. And there is lots of evidence that people are unable to do this accurately for many types of goods¹¹⁸. They tend to mis-predict how much they will really like things, forgetting about all the other things that will vie for their attention in the actual experience of their lives¹¹⁹. As Nobel Laureate Daniel Kahneman states 'Nothing is as important as you think it is when you are thinking about it'.¹²⁰

Instead SWB data allow us to assess and value what is important in people's lives when they are not thinking about how important those things are. One cannot overstate how important this is (Fujiwara and Dolan, 2013)¹²¹ – we can find out how important cultural activity is alongside all of the other things that affect wellbeing and that matter in life.

And SWB is intuitively appealing. SWB measures like life satisfaction ranked highest among welfare measures in a recent UK opinion poll¹²². Dolan and Metcalfe's YouGov survey of a sample of the UK population found that people were in favour of government allocating resources on the basis of how they affect people's SWB rather than whether they satisfy people's preferences.

In 2011 we developed the first government-level guidance and recommendations on wellbeing valuation (Fujiwara and Campbell, 2011)¹²³. It is still a method in development, but recent advances have made the method more robust for use in policy evaluation¹²⁴. The method has drawn huge interest from many government departments and international organisations – most UK departments now use the wellbeing valuation approach in CBA.

Wellbeing valuation is an exciting new opportunity for valuing outcomes related to cultural activity because the *Taking Part* survey and the *Understanding Society* survey both contain a wealth of data on cultural engagement and SWB. Wellbeing valuation is therefore cost-effective because the data is often already available. This means that contrary to beliefs that economic valuation methods can only be undertaken by large cultural organisations (eg see Donovan's (2013)¹²⁵ conclusions), we believe that wellbeing valuation and CBA-type analyses can be

118 Gilbert (2007). *Stumbling on Happiness*. Harper Perennial, London.

119 Kahneman (2011). *Thinking fast and slow*. Allen Lane, London.

120 Kahneman (2011, p.402). *Thinking fast and slow*. Allen Lane, London.

121 Fujiwara and Dolan (2013). *Valuing mental health: how a subjective wellbeing approach can show just how much it matters*. UKCP Paper (forthcoming).

122 Dolan and Metcalfe (2011). *Comparing measures of subjective wellbeing and views about the role they should play in policy*. Office for National Statistics.

123 Fujiwara and Campbell (2011). *Valuation Techniques for Social Cost-Benefit Analysis: Stated Preference, Revealed Preference and Subjective Well-Being Approaches*. HM Treasury & Department for Work and Pensions.

124 For example, see Fujiwara (2013). *A General Method for Valuing Non-Market Goods Using Wellbeing Data: Three-Stage Wellbeing Valuation*. cep.lse.ac.uk/pubs/download/dp1233.pdf

125 Claire Donovan (2013) 'A holistic approach to valuing our culture: a report to the Department of Culture, Media and Sport'. London: DCMS. www.gov.uk/government/publications/a-holistic-approach-to-valuing-our-culture

undertaken by any sized organisation. For the Happy Museums paper mentioned above '*Happiness and Museums*'¹²⁶ – we used this method to estimate that people value visiting museums at about £3,200 per year; the value of participating in the arts is about £1,500 per person per year and the value of being audience to the arts is about £2,000 per person per year. These represent average values for the average level of time spent in these activities over the course of a year for people in England.

4.3 Comparison to other methods of evaluating culture

This was a brief introduction to the frameworks and tools used by economists to evaluate policies and interventions. Before concluding we should note that other methods for evaluation have recently been proposed for the cultural sector.

In 2012, BOP explored economic models for the Arts Council including two valuation approaches, SROI and contingent valuation¹²⁷. In 2010, Dave O'Brien¹²⁸ reported to the DCMS that the sector would need to 'use the tools and concepts of economics to fully state their benefits in the prevailing language of policy appraisal', and came down on the side of stated preference/contingent valuation. In the follow up fellowship, Claire Donovan (2013) proposes multi-criteria analysis (MCA) frameworks for evaluating culture.

As we have explored CBA and SROI together with preference and wellbeing based valuation approaches here, we felt it worth finishing with some reasons why we have not recommended MCA. In brief, these are methods that determine a set of desirable criteria related to the outcomes of an intervention and then have stakeholder groups rate or rank different interventions in terms of how well they perform against these criteria.

Our recommendations are different to the MCA approach for a number of reasons. First, MCA is a preference-based approach, which means that it could often suffer from the preference problems discussed above. Second, MCA may not necessarily align with people's welfare because the affected individuals are not 'privileged' in the analysis in the manner that preferences and SWB measures privilege the individual. The criteria are often set out by 'experts' or policy makers, who may miss important benefits (or dis-benefits) of an intervention. As UK government guidance on MCA¹²⁹ states 'One limitation of MCA is that it cannot show that an action adds more to welfare than it detracts'. Third, unlike SWB analysis, MCA uses a joint-evaluation framework in which people make choices or state preferences over different interventions and outcomes presented to them at the same time. However, we live our lives in *single-evaluation mode* – that is, we do not experience life as set out in MCA where the alternative actions and outcomes are continuously presented or made conscious to us and this is important because many studies show that different things matter in joint versus single evaluation. What we find is that in joint evaluation some attributes are highlighted and impact on the decision although in reality they have very little impact on how we experience things and hence may not really be all that important. Wellbeing valuation is the only method that assesses interventions in terms of how they impact on our lives as we actually experience them.

126 www.happymuseumproject.org/blogs/happy-museums-are-good-for-you-report-publication

127 BOP Consulting, 2012, *Measuring the economic benefits of arts and culture*

128 Dr Dave O'Brien, 2010, *Measuring the value of culture: a report to the Department for Culture, Media and Sport*

129 Department for Communities and Local Government (2009). *Multi-criteria analysis: a manual*.

5. Closing remarks

The welfarist methodology provides a useful and coherent framework for evaluating culture. It is the dominant framework used by OECD governments and has benefitted from a rich history of debate and research. We have only touched on a handful of topics here – there are ongoing debates on themes as varied as aggregation of individual welfare to discount rates that have helped develop CBA and the welfarist thinking behind it. There is therefore a wide range of methodologies that is available to those wishing to evaluate culture in a robust way.

Section three – Conclusion

In short, we need a different purpose, framework and forum for our evaluation techniques to make us fit for the future. This is going to demand significant cultural change across funders, commissioners and the cultural sector, so that an emphasis on co-production, causality, and societal welfare allows access to a richer account of practice and value.

For example, in an accountability environment dominated by the need for return on investment, funders and commissioners of the cultural sector must be wary of promoting ‘compliance monitoring’ – which is high on measurement and weak on causality, value and learning. As a review of third sector evaluation notes:

Compliance reporting focuses on and values success while information for learning requires a more open enquiry, looks for information about failure as well as success, and tries to understand what has caused or prevented change. Informants recognised that the need to demonstrate best use of public money also acted as a disincentive to researching difficulties, failure or negative effects.¹³⁰

At the same time, cultural organisations must rise to the challenge, committing to learning new skills and ways of working. The sector is rightly determined that collecting evidence must not get in the way of the creative work it does, but involving practitioners and the public in empowered planning, delivery and review will make evaluation a natural and creative part of the work, integral to what we do.

We’ve made the case that we need to build robust shared approaches to better assess the wider impacts of the cultural sector; improve the effectiveness of interventions, and in turn increase social productivity and societal welfare. Our ROCI framework is one possible route forward, but there will be others. What matters most is that we all take more seriously the need to build a shared framework.

In a difficult funding and investment climate, it is hard to make the case for core costs to be devoted to evaluation, let alone to build this network and the new skills required. A centrally supported learning forum is long overdue. Both Arts Council England and DCMS need to more actively support the cultural sector’s efforts in these respects, to quickly raise the capacity of the sector – in terms of technical skills in data collection and analysis, and to share approaches to evaluation and learning. In the language of ‘grand partnership’, Arts Council England can be a broker; bringing together the best of what we do, and maybe the best of what we don’t do – from the private sector and elsewhere – to help democratise access to relevant knowledge and skills.

130 Ellis, J (2009) ‘Monitoring and evaluation in the third sector: meeting accountability and learning needs’ Charities Evaluation Services

Clearly, intelligent funding and commissioning is as vital to improving return on cultural investment as the evaluation approaches we have described. What price for a more collaborative culture and reward of learning through mistakes? The responsibility for this culture change lies squarely with policy and funding leadership to create portfolios of risk – failure is an acceptable consequence of learning if ten projects fail out of a hundred, but for a single organization, one failure out of one is of a different order of magnitude.

Fundamentally, the push for learning, sharing and improvement needs to come from the sector. The opportunities feel too big, and the welfare losses too high, to be left to the unsupported efforts of expert but often isolated practitioners, or to risk being delayed by agencies with their own funding problems. We'd like to invite people to get in touch with us and help build a network in which we *make* culture work. Our experience in evaluation convinces us of the strong impact we can have on societal welfare and social productivity if we all work more closely together. And when we experience inevitable failures, we'll at least be able to tell you why we did.

We look forward to hearing from you.

Authors

The authors for this work are Mandy Barnett and Daniel Fujiwara, but it represents the thinking of many of our friends and colleagues over several years.

Mandy Barnett is a management consultant specialising in learning, partnership and social value in the cultural and children and young people sectors. She is an accredited SROI practitioner and on the UK SROI Council, as well as working groups for evaluation in the DCMS and DfE. She has an MBA from London Business School.

Mandy uses SROI to help clients see the wood for the trees, so they can make more difference to people's lives. Clients range from Southbank Centre to Suffolk Artlink. Mandy was formerly a museum designer, then Head of Exhibitions at the Commonwealth Institute, Director of Bankside Arts Training Trust, and Development Director for Older People at Surrey County Council.

Daniel Fujiwara is an economist at the London School of Economics and Political Science. His research focuses on policy evaluation methods and techniques for valuing non-market goods. He has recently published guidelines on valuation for the UK Government, including an update to the HM Treasury Green Book manual. Daniel has researched and estimated the value of a wide range of non-market goods and services, including employment, health, volunteering and reduction in crime.

Daniel was previously head of the cost–benefit analysis division at the Department for Work and Pensions and senior economist at the Cabinet Office. He is currently scientific advisor to the SROI Network and works with a number of OECD governments on policy evaluation methodology.

Acknowledgements

With thanks for joint thinking about making culture work to Jocelyn Cunningham, Pippa Jones, John Knell, Tony Butler, Lucy Neal, Hilary Jennings, Sarah Lovell, Ruth Melville, and colleagues at nef, the SROI Network, Ovalhouse, Suffolk Artlink, all the Happy Museums and the Southbank Centre.

Arts Council England

The Hive
49 Lever Street
Manchester M1 1FN

Email: enquiries@artscouncil.org.uk

Phone: 0845 300 6200

Textphone: 020 7973 6564

www.artscouncil.org.uk

@ace_national

facebook.com/artscouncilofengland

Charity registration no 1036733

To request an alternative format of this publication please contact us.

To download this publication, or for the full list of Arts Council England publications, see www.artscouncil.org.uk

ISBN: 978-0-7287-1537-0

© Arts Council England, October 2013

