Non-public Funding of the Arts: Welsh Government Response

Consultation Response

July 2018
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Arts & Business (A&B) Cymru warmly welcomes the findings of the *Building Resilience Inquiry into non–public funding of the arts* and the subsequent response to this paper from the Welsh Government. The Minister has echoed many of the points made by A&B Cymru in its response to the inquiry in April 2018.

To ensure the usefulness of A&B Cymru’s further comments, this paper will focus solely on the recommendations most relevant to its specific work, expertise and network.

**BUSINESS PARTNERSHIP**

**RECOMMENDATION 1** – The Welsh Government should continue to provide financial support, whether through Arts & Business Cymru or otherwise, to promote and develop partnership working between business and the arts to help maximise financial support for the arts from business. The Welsh Government should also consider how the specific difficulties faced by the arts sector in Wales in attracting funding from businesses can be addressed and whether additional public investment in this area is needed to drive this work forward.

**WELSH GOVERNMENT RESPONSE RELEVANT TO THE WORK OF A&B CYMRU**

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

**Support of A&B Cymru**

A&B Cymru is currently preparing a business case for support which outlines how its existing services and newly developed programmes can achieve the aims of
Recommendation 1 in a tangible, cost-effective and far-reaching way. This paper will be submitted to the Culture Minister by end of June.

As a specialist support organisation crucial to the sustainability of the arts in Wales, the continuation of core public funding would enable A&B Cymru to maximise its impact. With a relatively small amount of public funding, the charity could maintain a sufficient level of staffing and develop the reach of its work even further.

For example, £100K core funding would give A&B Cymru a target of a further £500K from the private sector to sustain its operation. This would, in turn, safeguard over £1 million annual investment from the private sector into the arts across Wales and provide A&B Cymru with the stability and resource to encourage an increased figure. **Therefore, £100K of public sector funding becomes the catalyst for levering a minimum of £1.5 million in private sector investment.**

**A&B Cymru’s current business / arts partnership work**

A&B Cymru works closely with its 75+ business members across Wales. The team works tirelessly to encourage and enable businesses to invest in the arts for the first time as well as assisting established supporters to deepen and extend their partnerships. The deep-rooted relationships A&B Cymru has developed with companies of all sizes and sectors put the charity in the ideal position to influence investment into the arts and provide in-depth intelligence on business motivations, objectives and trends in approaching arts partnership.

As referenced in A&B Cymru’s response to the inquiry, many of A&B Cymru’s programmes and services successfully promote, enable and develop partnership working. They include tailored advice and brokerage for both sectors, a busy advocacy and events programme and CultureStep, an investment scheme which has levered over £1.2 million from business directly into the arts in the past 4 years.

**INDIVIDUAL PHILANTHROPY**

**RECOMMENDATION 2** – We recommend that the Welsh Government introduce further initiatives to raise the profile of the arts as a charitable cause, including a St David’s Day award to recognise those who have made significant contributions in support of the arts.
WELSH GOVERNMENT RESPONSE RELEVANT TO THE WORK OF A&B CYMRU

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

As stated in A&B Cymru’s response to the inquiry, the Robert Maskrey Award for Arts Philanthropy has already recognised the considerable contributions of 17 generous individuals since its establishment in 2012.

In 2018, the Award was given to Philip Carne, MBE. An Abergavenny born Philanthropist, Philip is a passionate supporter of emerging talent in the performing arts and provides many scholarships and prizes to individuals from Wales. His substantial support includes annual gifts to Music Theatre Wales, Royal Welsh College of Music & Drama, Sherman Theatre and Welsh Singers Showcase.

We fully support the idea of working in partnership with Welsh Government to raise the profile and reach of this already established and successful Philanthropy Award.

In addition to A&B Cymru’s role as an advocate in this area, the charity provides tailored training to the arts in all areas of Individual Giving e.g. Crowd Funding, Friends Schemes, Major Gifts and Legacies.

TRUSTS & FOUNDATIONS

RECOMMENDATION 3 – We recommend that the Welsh Government takes action to increase awareness of and investment in the excellent arts organisations and projects based in Wales by UK-based trusts and foundations.

WELSH GOVERNMENT RESPONSE RELEVANT TO THE WORK OF A&B CYMRU

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

As detailed in A&B Cymru’s response to the inquiry, A&B Cymru has delivered 2 Trusts Symposiums in recent years – the first in partnership with Welsh
Government and the second supported by Hodge Foundation. These focussed sessions jointly enabled over 100 arts organisations to access invaluable face-to-face advice from key representatives of 8 major Trusts.

Both days directly resulted in new Trust funding for Welsh arts organisations. Following the most recent symposium, A&B Cymru was approached by 4 London-based Trusts to organise a similar day in 2018. We would welcome the opportunity to collaborate with Arts Council of Wales on this.

**A&B Cymru would also like to make reference to another of the Minister’s comments in this section:**

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

A&B Cymru has been contacted by the CEO of the Community Foundation in Wales requesting a meeting to discuss collaboration on arts philanthropy. We are keen to explore this possibility and an initial meeting is taking place on 22 June. We will report back on any agreed actions following this session.

**THE SKILLS GAP**

**RECOMMENDATION 8** – The Welsh Government should provide a source of fundraising expertise to help small arts organisations increase their non-public fundraising in an analogous fashion to the support it currently provides for small businesses through Business Wales.

**WELSH GOVERNMENT RESPONSE RELEVANT TO THE WORK OF A&B CYMRU**

As this recommendation recognises, the Welsh Government provides a range of generic advice services through Business Wales…

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

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

As detailed in A&B Cymru’s response to the inquiry, a great deal of its current work is focussed on developing the business and fundraising skills of the arts. The majority of its 150 arts members are small organisations. The annual fee structure is based on turnover and access to all programmes is provided free of charge to members, thereby ensuring the affordability of engagement with the charity’s work.

Complementing the Business Wales services, A&B Cymru’s Professional Development Programmes bring tailored, free of charge, business skills to the arts. Experts in topics such as Marketing, HR, Finance and Strategic Planning transfer their knowledge to arts managers through one-to-one placements, mentoring and board placements. This advice has a tangible impact on the organisations involved and makes a significant contribution to developing individual managers. The fresh viewpoint of business advisers often acts as the catalyst for dynamic change in arts organisations. Key to the success of the programmes is the personality-led matching process involved, as well as the in-depth support provided by A&B Cymru, from initial interview and training to monitoring and evaluation.

As described in A&B Cymru’s response to the inquiry, other training initiatives delivered by the charity include skills development courses (Fundraising, Business Skills and Governance) and the Creative Internships Programme, which is effectively creating a new generation of arts fundraisers in Wales.

Building on this success, A&B Cymru is delighted that its new Prosper initiative will be piloted this autumn. The scheme has been devised in consultation with arts members and will support junior arts fundraisers working in small arts organisations. It will enable this emerging generation of professionals to hone their skills and expertise in the field and in doing so, support their organisations to
become successful, thriving charitable businesses. To ensure its impact and relevance, Prosper will be driven by the needs of applicants and tailored to each individual organisation and fundraiser.

Finally, A&B Cymru would like to fully support the Minister’s point about the need for small organisations to share fundraising resources. The majority of organisations operating in Wales are companies which simply cannot afford the wages of a highly skilled full-time fundraiser. To this end, organisations must be open to employing a part-time fundraiser who is likely to be working for a number of arts clients at the same time. A&B Cymru has been promoting this way of working for a number of years and the idea is often met with an initial level of mistrust and suspicion. However, in practice, each organisation quickly realises that their concerns about confidentiality or split loyalty are unfounded and that the sharing of resources can result in positive and useful partnership working. A&B Cymru is committed to continuing to promote this idea to members, providing them with case study evidence which illustrates the success of this approach to fundraising.
Recommendation 7: The Welsh Government should consider implementing a clear strategy to assist Wales’ arts sector to grow international markets

- While ‘Prosperity for All’ sets out the government’s strategic aims, these are high level aims with none of the necessary detail about the support / action that arts organisations need. We appreciate that a proliferation of ‘strategies’ is probably unhelpful however we do welcome the Government’s response that better collaboration / planning is needed to enable Welsh artists / arts organisations to access and make the most of international markets and opportunities – whether we call this support a strategy, plan or approach.

- We also welcome this more strategic approach to promoting Welsh arts internationally, is also echoed in the Government’s response to recommendations five and six. British Council Wales believes that an integrated international strategy – a single vision for shaping our global future that aligns established tourism, trade and inward investment approaches with work being done to take forward the international ambitions of our educational and cultural sectors – would lead to greater efficiencies, return on investment and international impact.

- While we appreciate the Government’s consideration of any additional funds needed to facilitate an action plan, it is disappointing that this will not be considered until the budget round for 2019/20 and that there was unlikely to be any additional funds for any of the recommendations. As the Committee commented, it is not enough for the Welsh Government to simply call for the arts sector to reduce its dependence on public funding – they also need to back this up with an appropriate level of tailored and informed support.

Finally, the British Council remains committed to working with artists, organisations, partners and the Government in Wales to support the development of international links and opportunities and to promote Welsh arts overseas, helping to create an internationally inspired, globally connected Wales.
Firstly, I'd like to take this opportunity to thank the Committee for its useful and comprehensive report. As you might imagine, we're pleased that the Committee recognises the importance of public funding in underpinning support for the arts from a variety of funding sources. This vital investment helps to secure a vibrant and dynamic sector and provides a firm foundation upon which other income generating initiatives can be built.

Turning next to the recommendations themselves.

**Recommendation 1:** *The Welsh Government should continue to provide financial support, whether through Arts & Business Cymru or otherwise, to promote and develop partnership working between business and the arts to help maximise financial support for the arts from business.*

*The Welsh Government should also consider how the specific difficulties faced by the arts sector in Wales in attracting funding from businesses can be addressed, and whether additional public investment in this area is needed to drive this work forward.*

We note – and would accept – the Minister’s expectation that we will enhance and extend our business development services. This will require careful planning as there is no single approach that will work for all organisations. Much depends on the size and capacity of arts organisations, the clarity of their artistic vision, and the extent to which they’re well-organised in the deployment of their assets and personnel. Getting these things right is core to the current Resilience programme that we’ve pioneered with our funded Portfolio. We’re keen to extend this to smaller organisations outside the Portfolio, building on the lessons that we have learnt, but this will require funding. We will be sharing proposals with the Minister, as he requests, by 1 October 2018.

We note that the Minister anticipates that Arts & Business Cymru (A&BC) will be submitting proposals explaining how it might deliver such services. We would welcome this and look forward to receiving this information. The challenge, however, will be finding ways of providing the new business services of the future rather than repeating the traditional offer of the past. This is especially relevant to
Arts & Business Cymru and the Committee will be aware that we've provided two years of transitional support to help them deliver a new suite of services that can be provided on a more self-sustaining basis.

The fundraising market is markedly less buoyant today rather than ten years ago with many businesses shifting to a corporate responsibility agenda rather than the traditional philanthropic sponsorship of the arts. This shift of focus requires a different – more entrepreneurial – way of brokering between the two sectors. This is currently an area of comparative weakness in Wales and it’s right that the Minister calls for a range of options that extend beyond current traditional approaches.

The Committee also suggested that there might be other relevant organisations who could offer new services. In her evidence to the Committee Inquiry, Emma Goad from Blue Canary offered a clear analysis of what these services might involve. The sector undoubtedly needs access to a wider range of business development services than is currently the case, especially those with a more direct focus on the arts rather than business. Growing more organisations with these skills is essential. Competition in this important market-place will drive innovation and new development. If the sector is to thrive, growing a multiplicity of expert business development services will be key. Elsewhere in the UK work is actively underway on a range of business-related services encompassing everything from loan finance to social impact bonds, cultural infrastructure levies to the ‘monetisation’ of IP. We're also aware of organisations pressing for fiscal reforms in areas as diverse as property and land values and business investment models. This is increasingly the territory that our business services providers need to be in if Wales isn't to be left behind mining a diminishing seam of financial support.

New organisations are emerging that combine entrepreneurial skill with a more socially responsible approach to place-based regeneration. It’s important that Wales has access to these skills and we have committed ourselves to doing what we can to develop capacity. It’s likely that there might also be synergies with the Government’s new proposals for Creative Wales and I comment on this in more detail below under recommendation 10.

Finally, we note that the Minister wishes us to undertake a thorough value for money assessment of any options. The Committee will be aware from previous evidence that we have given to the Committee that we believe that this is best
achieved through an appropriately robust scrutiny of a proper procurement/tender process. The Committee has questioned the necessity for such an approach, but we remain of the view that this is the most effective way of helping to deliver the best outcomes for the arts.

**Recommendation 2:** The Committee recommends that the Welsh Government introduces further initiatives to raise the profile of the arts as a charitable cause, including a St David’s Day award to recognise those who have made significant contributions in support of the arts.

We would support any initiatives that give due prominence to individual giving and philanthropy.

**Recommendation 3:** The Welsh Government should take action to increase awareness of, and investment in, the excellent arts organisations and projects based in Wales, by UK–based trusts and foundations.

And…

**Recommendation 4:** UK based trusts and foundations should address as a matter of urgency the balance of funding within the UK, where a disproportionate and inequitable amount of funding is awarded to organisations based in London and the south east of England.

Arts & Business Cymru has previously hosted sessions in Cardiff where trusts and foundations have been invited to meet with Welsh arts organisations. It’s their intention to continue this, which we would support. The Minister is asking both the Arts Council and Arts & Business Cymru to work together to progress these recommendations.

We will certainly do this. However, we believe that there are aspects of the relationship with trusts and foundations where the Arts Council could perform a more useful and strategic role. We already have strong connections with the key trusts and foundations – we know their key personnel well and comment regularly as referees of projects submitted from Wales. Rather than just being an objective commentator on applications from Wales, we need to become more of an advocate and partner in ensuring that Wales–based arts organisations present their most persuasive case for support. We could do more to make sure that arts organisations are sufficiently primed and ‘investment ready’ so that when they
meet trusts and funds they are best placed to articulate their offer at the right time, to the right funder, in the right way.

We’re in the process of setting up meetings with the key trusts to better understand their current perceptions of activity in Wales. Using our detailed knowledge of the sector, we will explore with them where they feel improvement can be made and what interventions we might make to increase the likelihood of success.

**Recommendation 5:** *The Welsh Government should commission research in order to identify and exploit international markets that have growth potential for Welsh arts organisations.*

And…

**Recommendation 6:** *The Welsh Government should ensure that each trade mission has a cultural component unless there are clear reasons otherwise.*

And…

**Recommendation 7:** *The Welsh Government should consider implementing a clear strategy to assist Wales’ arts sector to grow international markets.*

We believe these to be an important set of recommendations.

There are a great many reasons why we believe that the Welsh Government – and the cultural and creative industries – would benefit from a confident articulation of the Welsh Government’s view of international relations. A clear strategy would undoubtedly be beneficial in clarifying ambitions, setting targets and co-ordinating the resources needed to deliver those targets. We’re aware that work on these issues is well advanced in England and Scotland and Wales must not become the poor relation.

We would welcome increased collaboration with colleagues in the First Minister’s international department, the Economy & Transport department and Welsh Government’s overseas offices. We believe that we’re able to offer real help and expertise through our international arm, Wales Arts International. Our partnership with the British Council enables Wales’ reach to be felt around the globe. We’d be keen to identify mutual overseas opportunities with the
Government and ensure that culture is a key part of all Government overseas missions.

It was our early involvement in a Government trade mission to China that has meant that we have been able to give substance to the development of Wales: China Cultural Memorandum of Understanding. The careful building of relationships in China is now opening out considerable opportunities for Wales–based companies. We believe that this multi–agency, early stage approach could reap dividends elsewhere and we would urge that it be adopted as standard and resourced appropriately.

**Recommendation 8:** The Welsh Government should provide a source of fundraising expertise to help small arts organisations increase their non–public fundraising in an analogous fashion to the support it currently provides for small businesses through Business Wales

And…

**Recommendation 9:** Given the difficult financial climate facing arts organisations in Wales and subject to an impact assessment of the work carried out so far the Arts Council considers whether the Resilience Programme can be expanded to help improve the financial resilience of non–revenue funded orgs.

And…

**Recommendation 10:** The Committee recommends that the Welsh Government sets out clearly its aims for Creative Wales along with a timeframe for its establishment and how the new body will help arts organisations increase their non–public income.

As mentioned above, we’ll be sharing our plans for supporting the fundraising and business development of smaller non–portfolio organisations before October. There are a number of actions already underway. We have awarded Lottery funding to Arts & Business Cymru to continue their Creative Internship programme which develops the skills and professional expertise of new entrants into fundraising arena. We also recognise the need for existing fundraisers in Wales to continue with their professional development. We are therefore supporting bursary placements on the National Arts Fundraising School and widening our *Sharing Together* initiative to include networks that want to exchange fundraising best practice and expertise. We have commissioned a briefing toolkit
for organisations who are new to fundraising. A draft is currently being reviewed by organisations for user comments.

Some of this territory might be covered by the development of Government’s proposals for Creative Wales, but we aren’t clear exactly what the new service will entail, how it will be managed or when it will be available. We welcome the Minister’s assurances that these matters are in hand.
In response to recommendation 3 and 4:

The Foyle Foundation continually review the regional spread of the Foundation’s grant making and encourage applications from all the English regions and Wales, Scotland and Northern Ireland. This has resulted in a steady increase in the total grants approved outside London and the South East (which has not received the majority of funding for quite some time). For example, in Wales (across all of our grant schemes) we approved nearly 3 times the total amount in 2017 in comparison to 2012. We specifically introduced a simpler application Small Grants Scheme in 2009, following the financial downturn, as we were concerned that smaller organisation were not applying to us and appeared to lack fundraising skills and ability to submit applications. However, we can only consider the applications that are presented to us and we still receive fewer applications from Wales than we would like. We welcome the Committee’s recommendation to increase awareness and visibility of arts organisations and projects in Wales and to invest in raising fundraising and bid writing skills across the sector.
The Minister’s replies to recommendations 6 & 7 are far from satisfactory. There should be no reason why a cultural offering cannot accompany every single trade mission. The reason given is far from acceptable and illogical:

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

Appropriateness has nothing to do with planning. It should always be appropriate and the excuse that cultural activities do not always coincide is ludicrous. There are cultural events happening in Wales every day of the year.

What is needed is a clear strategy on how cultural events will be included and it is vital that there is a budget for this and advance planning. It is also vital that project funded companies are invited and not simply the ‘usual’ suspects ie the NPO’s. Grass root cultural project funded companies are in dire need of those international links and the profile raising potential of such trips.

I would like to draw the committees attention to the British Council’s recently published report on Soft Power. Culture and the arts are Soft power and can enable Wales to be much better placed than they are currently in the soft power rankings.

I would also like to draw the committees response to the minister’s evasive answer re Creative Wales. This is a prime time for Wales with the world looking at our investment in Creative Learning and Education to maximise and we must join the dots.

Finally re A&B Cymru. As a small project funded organisation Omidaze found Arts & Business Cymru to be a self–serving organisation whose focus is almost entirely on the business sector to the detriment of the arts sector. Their advice and service is extremely limited and not advantageous to small arts organisations.

A true commitment to the arts in Wales would see increase spending on the arts via ACW in line with inflation and not this standstill funding which we have seen for the last decade which is crippling ACW, the sector and in turn small and ambitious organisations like Omidaze.
The Trustees have decided to limit their comments to the Response to Recommendation 2 as this is the area that fits most closely with the work of the Foundation and in particular, The Achates Philanthropy Prize.

We would like to highlight to the Minister, Welsh Government and the Committee that the Achates Philanthropy Prize is just such an initiative designed to raise the profile of the arts as a charitable cause.

Now in its third year, an annual prize fund of £10,000 and judges this year including Tom Watson MP, Ed Vaizey MP and Régis Cochefert of The Paul Hamlyn Foundation, the Achates Philanthropy Prize is a major national campaign to raise awareness of the fact that the arts are charities which no longer receive full state subsidy, play an important role in society and to which everyone can make an important contribution. The Trustees would like to highlight that they would particularly welcome applications from art charities in Wales and awareness raising of the initiative, which the Committee and Welsh Government can include in the actions resulting from the Inquiry.