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Spending Review Autumn Statement

Arts Journalist, *Jo Caird*, assesses the impact of the 2015 Comprehensive Spending Review on investment in theatres.

“One of the best investments we can make as a nation is in our extraordinary arts, museums, heritage, media and sport. £1bn a year in grants adds a quarter of a trillion pounds to our economy – not a bad return. So deep cuts in the small budget of the Department of Culture, Media and Sport are a false economy.”

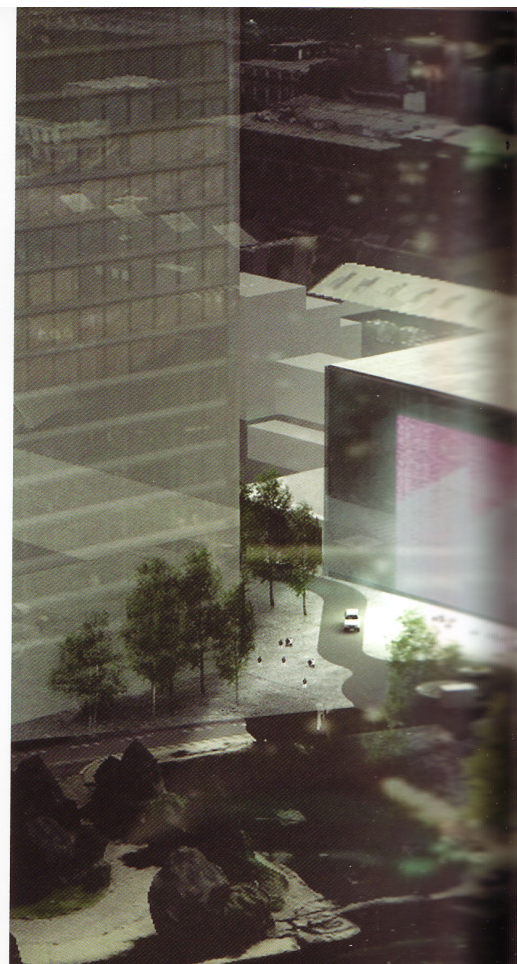
George Osborne

It was the last thing that arts and creative industry leaders expected to hear from George Osborne in his first Autumn Statement as Chancellor of a Conservative government. But it seems that after years of making exactly this point, the message has finally got through to the Treasury that the arts are worth protecting.

Whilst the Department for Culture, Media and Sport (DCMS) will be cut by 5 per cent, and it will have to make 20% administrative savings, funding for Arts Council England (ACE) is expected to rise by 1-2% per year until 2019/20. Sir Peter Bazalgette, ACE chair, called it “an astonishing settlement for arts and culture”, confirming that the funding body will now be able to continue to support its 663 national portfolio organisations at current levels until 2018.

The situation for theatres and other arts organisations in receipt of arts council funding in Northern Ireland, Scotland and Wales, however, is still uncertain and the future for overall local authority investment does not look good.

We know at this stage that Scotland and Northern Ireland’s revenue will be cut by 5 per cent, while revenue to Wales from central government will fall by 4.5 per cent, but how those cuts will impact the Welsh and Northern Irish arts councils, and Creative Scotland, will only become clear over the coming weeks and months, when the devolved

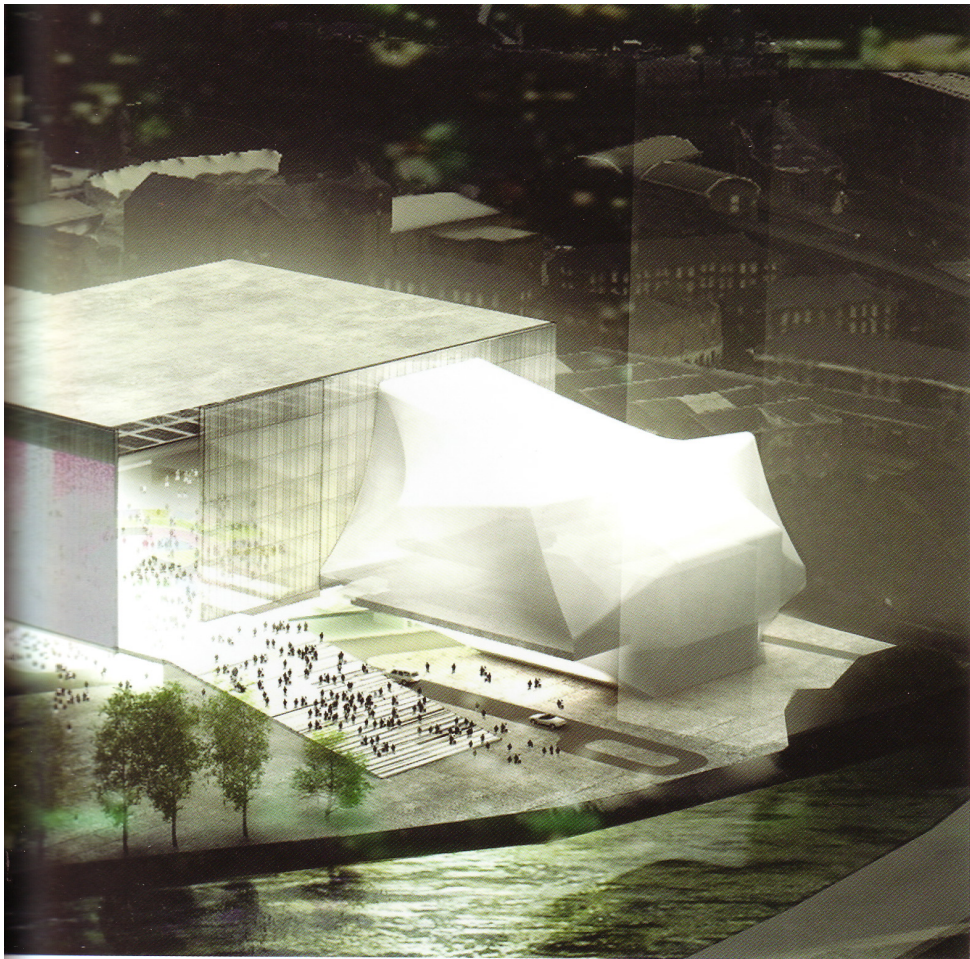


governments announce their own budgets. Arts leaders are crossing their fingers that these administrations follow Osborne’s lead in recognising the value of safeguarding the arts.

Relief at the DCMS and ACE settlements is tempered by considerable concern among industry leaders about the future of local authority arts funding. Local government funding will be cut by £4.1bn, according to the Local Government Association, a decrease of 24% over the Spending Review period that puts arts organisations in receipt of local authority funding at risk of further cuts.

“This is currently looking very bleak. What we don’t yet know is to what extent devolution and the Northern Powerhouse will create new ways to sustain or replace local authority funding. Liverpool’s devolution bid featured culture prominently – culture is described by our politicians as the ‘rocket fuel’ of the city-region’s economy – so we have to hope that ways will be found.”
Deborah Aydon, Executive Director of Liverpool’s Everyman & Playhouse

The devolution agenda was one of the Government’s central priorities going into the spending review when it was launched in July. Unsurprisingly, therefore, the idea of transferring power away from central



Proposed Manchester
Factory arts venue
Image: Office for
Metropolitan Architecture

government and into the hands of local and regional authorities and communities occupies a prominent position in the settlement published on 25 November.

Aydon isn't the only one unsure of what the impact of such a stance might be. For Lizzie Crump, strategic lead at What Next?, a movement that champions the role of culture in society, "autonomy could be an opportunity or a risk".

New powers designed to help local authorities fill the gap created by that 24% cut – including the right to spend 100% of the receipts from assets they sell off; retain 100% of business rates income; cut business rates; and raise council taxes – might be of benefit to theatres. But then again, they might not.

"It's going to be much more patchy and fragmented and difficult to create a national picture of what the local authority world looks like. Local authorities are able to keep their business rates, but that depends on how many business rates that local authority gets. For those with big businesses and thriving economies that might be helpful, but otherwise maybe not."
Lizzie Crump

There are concerns too, about cash-strapped local authorities selling off important

assets – including theatre buildings potentially – in a hurry to the highest bidder, with not enough attention paid to the needs of the communities affected. The Government says it will be strengthening the rights of communities in this regard, but no details have yet been released.

Whatever the financial position of the local authorities or larger devolved power structures involved, personal relationships will be crucial when it comes to making the case for theatres. Sam West, chair of the National Campaign for the Arts (NCA), recalls writing to the leader of every council in the UK to interrogate them about their culture spend during the NCA's '50p for culture' campaign. But, he says, "I don't think that approach now, of saying, 'you're going against the wishes of your constituents' and shaming people into giving money to culture, is the right way forward.

"I think it's very important to have a conversation with local authorities, but I'm also going to assume that they value their connections with the organisations and the buildings that they support as much as we do and they really do see those cuts as a last resort."
Sam West

The devolution revolution gives theatres an opportunity to take that conversation in

a new direction. Local Enterprise Partnerships (LEPs), voluntary partnerships between local authorities and businesses set up to lead on economic growth and job creation, have been operating in England since the launch of the Localism Act in 2011. Very few LEPs have become involved with cultural organisations so far, but for those that have, the results are encouraging. And with the Chancellor's announcement of a £12bn boost to the Local Growth Fund that feeds the LEPs over the next five years, this is clearly an area worth exploring.

Northamptonshire Enterprise Partnership (NEP) is setting a good example, having designated culture and the creative industries as one of the county's four priority sectors, along with logistics, food and drink, and high performance technologies. Martin Sutherland, chief executive of the Northamptonshire Arts Management Trust (NAMT), which runs the Royal & Derngate and The Core at Corby Cube, is a principal player.

"We've always recognised that there's a fairly underdeveloped cultural infrastructure in Northamptonshire and our partnership had to be with those arts organisations but also with other businesses and other decision makers, recognising that grant funding wasn't going to be around forever," he says.

Engaging with this aspect of the devolution agenda is about understanding what theatres have to gain from improvements to transport

Proposed Hull New Venue, that will create a legacy following Hull's tenure as City of Culture in 2017. Image: AFL Architects



links, further education and skills provision, and business development; as well as what they have to offer in return. It takes time, and an enthusiastic approach to a whole new world of acronyms, says Sutherland, but it's worth it, particularly when you consider the additional benefits of maintaining close relationships with funders.

"We have a good understanding of what the corporate objectives are of those two key funders [Northampton Borough Council and Northamptonshire County Council]. We've made the case already that investment in the arts is important, but actually as much as the preservation of this organisation, it's about their ability to deliver their wider agenda [through us]."
Martin Sutherland

The flagship project of the devolution agenda is the Northern Powerhouse, and while this is largely a transport strategy, it has major implications for the cultural sector too.

The Chancellor name-checked the Hull City of Culture, and the planned venue Factory Manchester in the Autumn Statement which will be receiving £78m of capital funding, plus £9m per year in revenue funding from 2018/19. Osborne also pledged £15m for

a new Great Exhibition Legacy Fund "to pave the way for future cultural investment in the Northern Powerhouse" in the wake of the Great Exhibition of the North (which will be receiving £5 million).

Dave Moutrey, director and CEO of HOME, Manchester, feels that "there are some real opportunities" associated with the Northern Powerhouse, particularly around training and talent development. But until more details of the projects are released, he can't be more specific than that. "It's something that certainly is in the collective field of vision of colleagues in the region."

The transport infrastructure element of the scheme will also be "pretty vital to our future sustainability as businesses", Moutrey says. "If we are to maintain existing audiences, never mind grow them, people have to be able to get in and out of the city."

There was some good news in the Spending Review Settlement regarding future funding opportunities for theatres located outside the glow of the Northern Powerhouse. The Chancellor announced that he was investing in the arts "without raiding" the Big Lottery Fund, ensuring its ongoing availability for small charities, including theatres and community groups, across the country.

The Coastal Communities Fund (CCF) will be extended too, with at least £90 million

of new funding available from 2017/18, when the current programme finishes. Historic England's grant giving, on the other hand, is still uncertain – the body is to sustain a cut of 10 per cent, though it's unclear at this stage if or how that will impact its grants.

Lizzie Crump is delighted to see the hard work of cultural organisations in the North recognised in the Chancellor's funding commitments to the Northern Powerhouse, but warns too that many organisations outside big cities – particularly those in deprived areas – may soon be facing really challenging times.

"We have to recognise that as an arts ecology we only work when we are truly UK-wide and we look to ensuring that the arts and culture reaches meaningfully to all those different communities," she says. "It's the national picture that keeps us thriving."
Lizzie Crump

Jo Caird is a freelance arts journalist.