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**THE WILDING REVIEW: SUPPORTING THE ARTS - a review of the structure of arts funding.**

A paper for Local Government Policymaking

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## ABSTRACT

The Minister for the Arts commissioned a report on the arts funding structure of England and how it might be improved. This paper considers the genesis of the initiative in terms of pressures for reform which have been building up through the eighties and the immediate circumstances in which it was launched. In this context the terms in which it was announced and the Minister's agenda for the review are explained. Certain parameters for the recommendations are identified, and their likely consequences suggested. Implications for local authorities are explored.

In December of 1988 the Minister for the Arts, Richard Luce, announced that he had commissioned an enquiry into the structures by which central government financial support for the arts in England is distributed. It would cover the Arts Council, the Crafts Council, the British Film Institute and the twelve English Regional Arts Associations (RAAs). The review was to be conducted by Richard Wilding who was the senior civil servant holding the post of Head of Office at the Office of Arts and Libraries (OAL) until his retirement at the end of 1988. With a minimum of publicity he has, in company with a consultant, Martin Easteal, (PA Consulting Group), travelled extensively to seek the views of a cross section of the relevant funding bodies and their staff, local authorities, arts institutions and artists, and other interested parties. His report with its recommendations was submitted to the Minister in September this year (1989) and made public in October. It has the status of a Green Paper and the Minister has requested written responses, to reach him by December. It is likely that the recommendations will form the basis of a White Paper to be published soon afterwards. It seems probable that structural reform will proceed quickly in 1990/91 with the goal of full implementation the following year.

### Pressures for reform

Pressures for reform of the whole structure and for changes within the individual funding bodies have been building for some time. They are many and various but they are inter-related. The present government's Medium Term Financial Strategy has been a constant and underlying factor. It requires a continuous constraint on the rate of increase of public expenditure to reduce the rate of increase in the money supply as a means to control inflation in the economy. When the 1983 election delivered an unassailable Parliamentary majority of 144 to the Prime Minister her social policy entered a new phase - a root and branch assault on the welfare state in theory and practice to reduce the rate of increase in public spending on the provision of benefits and services, including state support for the arts. Cash-limited budgeting was applied stringently across all relevant departments of state including the Office of Arts and Libraries. Thereafter that Office's annual, revenue grant-in-aid to the arts, libraries, museums and galleries increased only at a rate of and generally below even the official figures for inflation. That has had many consequences, some of which have developed into pressure for change in the way that grant is distributed.

The Medium Term Financial Strategy occasioned, and was reinforced by, the Financial Management Initiative of the early eighties. This was originally targeted at Whitehall to secure

more efficient and cost-effective administration in the Civil Service - and, co-incidentally, the Minister for the Arts was, in his other capacity as Minister for the Civil Service, the minister responsible for the initiative's implementation. The programme's objectives were immediately extended to other agencies spending public funds including public utilities and corporations, local authorities, universities, to quangos including the Arts Council, British Film Institute and Crafts Council and through these to the RAAs. After 1983 all the arts funding agencies came under pressure to specify policies which set goals to achieve; to create plans for action; to allocate specific responsibilities to specific institutions, departments and personnel; to set targets for them and to review progress towards their achievement; to identify quantifiable output measures against which financial inputs could be compared in order to assess the value for money achieved, and so on. The results, and sometimes lack of results, of this imposition of 'modern management techniques' on the arts funding structures have also created pressure for their reform amongst those in and around the OAL.

The Wilding Review is concerned with Arts funding structures which distribute the Arts funds of the OAL as distinct from the allocations for Museums and Galleries, Libraries and Heritage. Of these the Arts Council is in financial terms the dominant body receiving in 1988/89, for example, £150m of the total Arts allocation of £172m (figures rounded to the nearest £1m). Its

allocations from the OAL have been increased in recent years at a rate well below that for inflation, and in turn, so have its allocations of grants to its clients, mainly in the performing arts and to the RAAs. The same pattern has held for the crafts supported by the Crafts Council, independent film and video activity supported by the British Film Institute, and for the regional and local arts which are supported by the RAAs. The income from the state for all these funding bodies and the arts institutions they support has not kept pace with inflation of their costs, let alone expanded to allow them to grow and develop. One consequence has been growing strain between all the funding bodies and their clients about who is getting what from whom and why. There has been growing disagreement about how funding decisions are made, who should make them and what the priorities should be. This has developed into pressures for change in the structures.

Of the Arts Council's output of grant in aid (£134.4m in 1988/89) almost four-fifths goes principally to building-based performance arts companies in drama, opera and dance, amongst whom the London-based National Companies take the lion's share. Over the past few years the Council has tried to spend more in the regions and as a part of that strategy has increased the share of the budget allocated to the RAAs, (£30m in 1988/89). Under general financial stringency in the allocations non-RAA clients have complained that the RAAs are getting too much whilst the RAAs complain that they are getting too little, too

late. Non-National companies complain that the Nationals are greedy giants consuming too large a slice of a shrinking cake. Non-metropolitan companies complain that too much is still spent in London. Metropolitan companies complain that (their) professional artistic standards are threatened by the diversion of (their) cash to (inferior) companies elsewhere.

Internal to these complaints and rivalries are competing theories about why public subsidy to the arts is necessary anyway, which arts should be given priority, which sections of the community should be targeted for arts spending and so on. The Arts Council gives priority to professional artists working in permanent, building-based companies and has always favoured the creation of exemplary companies of 'excellence' both in London and around the country - 'few but roses'. By and large, the audiences for these are drawn from the upper strata in the social structure, people who, of whatever social class they may regard themselves as members, have received tertiary education and have professional, managerial and similar occupations.

Regional Arts Associations also support such institutions - regional repertory theatres and regional orchestras, for example - but also attempt to extend the social reach of these arts and artists in a variety of ways. They take their performance artists out of the theatres and concert halls and into village halls, schools, community centres and youth clubs. They put creative artists into placements in non-arts



institutions. They support not-yet-professional drama and dance groups just out of art, drama and music colleges. They support youth-theatre and youth-music schemes and projects for the young unemployed. They support the non-European cultural and artistic development of the English communities deriving from Africa, the West Indies, the Indian sub-continent, China and elsewhere in the world. Their strategy is to find and develop both artistic talent and the capacity to appreciate all the arts amongst members of the communities which are not reached by the traditional building-based performance arts companies however much they may tour out of their metropolitan or regional bases.

This dedication to making the arts accessible to those to whom they are not generally so with these sorts of projects has always had its enemies in the Arts Council and its secretariat. Tension between them and the RAAs has become sharper as the pot of grant to divide up has been eroded in its purchasing power through the eighties. Spending money in this way when 'the arts' are under financial threat is regarded as waste by those for whom 'the arts' are 'really' those of Covent Garden Opera and the National Theatre, and that is most of the British Establishment in the upper reaches of the arts world, Whitehall and the Conservative Party. The Arts Minister has been under pressure for some time from formal and informal groups around him in his party who are critics of the RAAs' arts development policies which spend money elsewhere than the traditional

repertory theatres, orchestras and their concert halls and the like.

Some of the critics of the RAAs find a cause for this in the composition of their management boards or executive committees on many of which local authority members are a substantial bloc or even have a voting majority - whilst local authority contributions to their income is tiny by comparison with central government inputs from the Arts Council, Crafts Council and British Film Institute. Some find in that predominance a reinforcement of the local, community arts development policies of RAAs. There has been pressure on the Minister from some of his 'advisers' to remove that local authority influence and give regional arts bodies back to local artists and arts institutions - back, in fact to the 'traditional' arts.

#### **Immediate circumstances of the review**

It was in this environment that certain immediate circumstances caused the Minister to decide to set up the review. One of these is the audit of central government arts spending currently being conducted by the National Audit Office of Parliament. That scrutiny has included the the Arts Council and a representative sample of RAAs. Its report was also due in September, to go to the Public Accounts Committee. With an outlook shaped by the Financial Management Initiative, the

officers expressed surprise to the officers of the Arts Council that while the Council's grants to RAAs were substantial (£30m in 1988/89) there seemed to them to be no effective mechanism by which RAAs were formally accountable to the Council, and through it to the Minister and Parliament. The senior officers of the Arts Council and the Minister have sought to protect themselves from immediate formal Parliamentary criticism with the review of structures which will have been completed before the Audit Report goes before Parliament. This is probably the reason for the accelerated timetable for Wilding.

#### **The agenda for the review**

These background and immediate causes of the review together explain the terms in which it was announced by the Minister. In keeping with the low-profile and informal style in which the Minister clearly wanted the review conducted he set its agenda in a letter to the then Chairman of the Arts Council Lord Rees-Mogg, later circulated to all interested parties and presented in a press-release. In essence it was to be:-

- accountability
- coherence of funding policy
- improved structures and procedures
- administrative economy

On 'accountability' he wrote, "I should like to examine whether a clearer relationship between the RAAs, the Arts Council and central government can be devised which involves agreed plans and objectives and correspondingly strengthened accountability for their use of voted money."

In this it can be seen that the formal principle of financial accountability for the spending of public money is linked with the issue of 'coherence of policy' which is most probably a coded attack on RAA local arts development strategies by those who would ideally scrap them. Later in the letter he wrote, "I should like to examine whether a revised system which would include some re-adjustment of funding responsibilities, would encourage a greater coherence and delivery of policies for the funding and development of the arts."

His concerns for administrative economy and improvement in structures and procedures were expressed explicitly as wishes to reduce the numbers of RAAs and to reduce the size of their boards of management. He wrote, "I am looking for proposals on the function and membership of the bodies concerned which will make decisions easier to reach as well as tackling the issues of greater accountability and coherence." The linking together of these elements is significant. If policy incoherence consists of RAA boards establishing the wrong priorities (local community arts development) because local authority influence is perceived to be too strong, and the boards are

unaccountable to the Arts Council where most of their income comes from, then it is possible to see in this an implicit request to Wilding to recommend reduction in or removal of local authority membership from the boards. Similarly, administrative economy could be readily achieved by a reduction in the RAA salary bills occasioned by slimming down RAA staffs of officers if the jobs they are doing in the local community arts development field cease to exist.

Lastly, in the terms in which the review was announced, the Minister has set limits beyond which he is not prepared to go even under libertarian pressure. State arts funding is not to be abandoned, nor is the 'arm's length principle' which uses intermediary bodies (the Arts Council, British Film Institute and Crafts Council) to mediate the state and the arts. He also affirmed that a regional structure below the national one would be preserved.

#### **The recommendations**

The essence of the recommendations made by Wilding in his report is the proposed creation of a federated structure which integrates the Arts Council with the Regional Arts Associations, though both elements are to be modified.

The Regional Bodies are to be slightly reduced in number, from twelve to between six and nine, with Wilding recommending seven

as the optimum. Their elected chairs will take seats at the Arts Council as of right, to constitute a substantial minority there. They will be full participants in the budget development process and their own allocations will be corporately set by the Council within its total budget. They will thus participate in the development of a national plan for arts funding which Wilding acknowledges the Arts Council has not formulated up to the present.

Their Directors will be Responsible Officers accountable to the Secretary General of the Arts Council and thus to the Minister.

His recommendations also define ideal roles for the two elements of the federated structure, identifying three classes of arts bodies to be funded, one by the Arts Council directly, a second to be funded by the Regional Arts Boards (as he recommends they be termed) but with earmarked, non-transferrable grants, and a third class to be predominantly funded at the discretion of the Regional Boards from block allocations to them. His recommendations in this sector include the suggestion that both the Arts Council and its Regional Arts Boards should divest themselves of project funding for local, social- and community-development work.

Indeed it is precisely upon this principle that he bases his further recommendations that the total staffing of the federated structure should be reduced from the present 486 to

400. He recommends staff loss amongst those concerned with servicing small clients with small grants. These should be down-loaded to local authorities. Thus his structural reforms are imbued with policy recommendations - the model he recommends also functions to prioritise certain forms of art above others as the proper realm for the new federation and especially for its regional elements. These preferred arts are the orthodox professional performance arts institutions.

In making these recommendations Wilding can be seen to have observed certain political and cultural parameters.

1. He has not recommended any increase in funding to the OAL to pay for any recommended changes. Under the terms of the three-year rolling programme of allocations announced in 1988 the Arts Council will receive percentage increases of only 3.3% in 1990/91 and 3.2% in 1991/2. Wilding acknowledges the problem, does not quantify it and simply affirms the present Minister's line that the private sector should be encouraged to contribute more.

2. He has similarly affirmed the main principle of the Financial Management Initiative by cutting staff.

3. His structural model for achieving policy coherence in the total system is clearly intended to re-affirm the value of

aesthetically excellent performance arts companies. Regional Arts Boards will move up-market, away from local arts development projects, to deal primarily with building based performance arts companies of regional and national significance. Lesser projects and schemes he recommends shall be administered at a sub-regional level directly or indirectly by local authorities. In this he has followed the line of the Establishment critics of RAA policies around the Minister.

4. His detailed comments on the role of local authorities in the present system and his recommendations for their role in the new betray a similar orientation. He rehearses the criticism that the reason why RAAs have gone for social- and community-arts development policies is to be found in the disproportionately high local authority membership of RAA management boards. On the one hand he commends the introduction of such strategies generally, but on the other recommends that they no longer dominate Regional Arts Boards practice in the future, belonging as it were 'naturally' to local authorities. To ensure this he recommends:-

- local authority membership of future Regional Arts Boards be limited to one third of their total membership;

- that local authority councillors and officers be barred from co-option to boards;



- that local councillors be ineligible for election to the chairs of the boards.

**The likely consequences: losers and winners**

If the Minister were to accept Wilding's federal model and the principles it embodies for his White Paper, what would be the consequences, and who would be the losers and who the winners?

Assuming that the Minister is unsuccessful in any attempt to win from the Cabinet and the Treasury any substantial increase in his departmental Vote, then, as inflation continues to erode the purchasing power of the Arts budget, it is inevitable that the winners in the new system will be the orthodox, building-based national and regional performance arts companies. The pressure that they would bring to bear on the Arts Council in their own interests would be greater than even a substantial minority of Regional Arts Boards could resist to protect their discretionary funds for project grants, especially as they will have responsibility for the major regional companies.

Even though they may be able to reshape the Arts Council's budget to redistribute spending away from the metropolis into the regions, under growing financial stringency it will be the urgent demands of established companies with heavy overheads

that will squeeze out the little people. In these inevitable circumstances the losers will be the members of the communities who have not been socialised into going to the theatre, listening to classical music, watching ballet or modern dance and so on.

Unless, that is, local authorities can be persuaded to make good the losses in funding from their own budgets. In terms of arts policy there is no problem. Although there are wide variations between authorities, most of them have been increasing their support for the arts this century. Their collective spending on the performance arts now approaches that of the Arts Council. Even on that basis alone they might reasonably request of the Minister, before December, their representation on the Arts Council to help plan a fairer distribution of public funds.

In recent decades, many have supplemented their support for theatres and concert halls with programmes of support for other forms of local- and community- arts development as Wilding notes and applauds. In 1986, the abolition of the metropolitan county councils led to metropolitan borough and district authorities taking over their programmes of arts funding and development which further accentuated local authority arts commitment. It was the Regional Arts Associations which were primarily responsible for encouraging and organising this development. The RAAs have increasingly, since the middle

eighties, worked with local authorities to develop local arts activities in the community development style, in addition to developing the professional, building-based regional arts institutions. The creation of arts departments and the appointment of arts development officers now under way are manifestations of this. So now it is that those who oppose the expenditure of the OAL's money on anything but orthodox arts institutions regard the local authorities as the 'natural' authorities to do the job and RAAs as betraying 'the arts' when they do it. For them, the artistic development of local communities is a local authority's duty. What this ignores of course is that it is also a national need which requires national planning and national resources to meet. A new federated Arts Council could arguably be just that forum.

The Minister's response to Wilding's report is a chance to plan for arts development in England in a manner which integrates, or at least balances professional and non-professional arts activity, building-based and non-building based. It is, in all probability, the last chance this century to bring about changes in the arts funding structures to promote artistic talent and the capacity for arts appreciation in all sections of the community and to integrate the nation culturally.

Even under Labour governments this was always an unsatisfied need. It has always been the Arts Council's proper task, although it has always steadfastly rejected the idea. The

Council's Charter lays the obligation squarely on it to foster the 'knowledge, understanding and practice' of the arts. However, the Council and its officers have always chosen to interpret this as requiring priority to be given to arts professionals and their educated audience of, to all intents and purposes, connoisseurs. Nevertheless, artistic talent and the capacity to appreciate the arts occur throughout the social structure. If the talents and abilities are not found and nurtured both the arts and the people suffer. It is long overdue for the Arts Council to address its chartered obligation and Wilding has demanded that it do so. However, the model which he has chosen, and the cultural policy preferences he has built into it make, it unlikely. In his report the values of the cultural Establishment are buttressed by the tide of Thatcherism, and both are hostile to anything but aestheticism in theory and practice. If the Minister adopts his proposals he will instead reinforce the division of Establishment from non-Establishment arts activity by seeking to devolve the latter from the regional bodies to the local authorities without any extra funding for them. He will deny local authorities membership of the Arts Council and reduce their inputs to the regional bodies leaving them to invent and administer their local and community arts programmes in a nationally unstructured way with no specific arts grant from central government.

It is unlikely that they will respond positively to such recommendations. They may well withdraw their subscriptions to the new regional bodies, refuse to support their transformation and refuse to work with them. Wilding and the Minister may well not care, but the result will be a significant loss of momentum in local arts development, and the mass of citizens will be the final losers as in so many instances in the Thatcher years.