

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Cyllid Celfyddydau nad yw'n Gyhoeddus / Non-public Funding of the Arts
CWLC(5) ART15
Ymateb gan Arts Alive Wales / Evidence from Arts Alive Wales

Arts Alive (working and public name Arts Alive Wales – AAW) is a Powys based arts educational charity, working in contemporary visual arts, crafts and literature. It serves rural and post-industrial communities in Mid and South-East Wales. It has a recognised profile for arts participation, including Arts and Health activity, focused on individuals and communities that face barriers to arts access. It became a Portfolio Client of Arts Council of Wales (ACW) on 1 April 2016.

AAW received no public funding from national or local government before 1 April 2016. Its sustained growth was built on a well-diversified income base of project-funding from trusts and foundations, underpinned by unrestricted income from earned and philanthropic sources. It sought investment funding from ACW to realise its ambitious artistic and organisational plans for the region, and to realise the potential for compelling contemporary arts and culture in rural Wales.

AAW's investment funding from ACW (£75k in 2016/17; £77k in 2017/18) has been used to increase staff capacity and resource, including a new post of Digital Manager, and has already helped leverage multi-annual funding for two further staff posts from trusts and foundation funding (£50k per year for three years).

AAW's has a strong organisational culture and ethos, and its responsibility and duty to use ACW public funding to leverage other income is a core principle of its strategic plan. Its Board and senior management team are committed to retaining and growing income diversification to ensure the long-term sustainability of the organisation and the arts in rural Wales.

The context within which AAW operates

AAW operates in mid and South-East Wales, working with individuals that experience deprivation across a range of indicators. Rurality exacerbates the challenges faced by the communities it serves. However, AAW's proximity to the English border and to cities of South Wales offers potential access to more affluent audiences as compared to colleagues who work in arts organisations based in mid / North Powys and West Wales.

AAW Financial Model

AAW's development strategy and financial model is aligned to its organisational, strategic and artistic aims and objectives. The quarterly funding slate and accompanying narrative report, form a key part of Board of Trustees monitoring.

The AAW financial model assumes a balance of contributed and earned income streams including trusts and foundations, lottery, and philanthropic fundraising. It has set itself a target of matching public funding to non-public funding in a ratio of 1:3. Specifically, AAW aims to leverage twice its ACW investment with funding from trusts and foundations, and to match the investment in terms of earned income and philanthropic fundraising.

Earned income and philanthropic fundraising raise unrestricted income, enabling AAW to invest in researching, piloting and evaluating activities. Unrestricted income therefore supports innovation and creative risk-taking, as well as contributing to the costs of professional development for staff and artists.

Trusts and Foundations

Welsh organisations are underfunded from major Trusts and Foundations compared to their English counterparts and ACW investment means that AAW can approach key funders with greater confidence. Its strategy for Trusts and Foundation funding falls into two strands:

1. Activity funding – direct activity in accordance with AAW's artistic policy
2. Funding for support costs (employment costs and overheads)

As indicated above, AAW has already had success in approaching Trusts and Foundations for support costs, and is currently piloting and evaluating activity projects, particularly in the digital sphere, to strengthen the quality of its approach to further significant funders over the next 24 months.

Earned income

AAW currently earns income from letting space at its Crickhowell venue and from running a creative programme of classes and events. It has a track record of securing commissions from partner organisations either as discrete projects or to match fund larger project work. It is investing staff time in developing new earned income streams including sponsorship and arts services, building upon its 2016/17 Nesta funded Digital Innovation Funded project.

Partnerships

ACW investment has helped further promote AAW to partner organisations who support its activity with either cash or match funding. Partners include Landmark Trust, Brecon Beacons National Park Authority, Abergavenny Food Festival, Green Man Festival, Canal & Rivers Trust, Monmouthshire Housing Association as well as local businesses.

Philanthropic Funding

AAW holds a biennial fund-raising fine art auction, with an associated individual giving campaign. The event raises unrestricted income enabling AAW to invest time and resources in strategic planning and development. Art sales of over £120k have generated £70k of core income over four events held since 2009. The event helps AAW connect to its audience, promotes the artists with whom it works and is an opportunity to demonstrate the impact it is making for the individuals and communities with which it works.

Skills and context

AAW's income base and its potential for earning income is built upon the expertise and knowledge of its human resources (artists, board, volunteers as well as staff), its physical assets (eg venue) and the unique environmental, social, cultural and historical context of the region within which it operates

All AAW staff members are expected to contribute to development strategy and activities to enable the organisation to meet its aims and objectives. ACW's resilience programme is offering AAW additional expert advice to support its strategic business planning. AAW also relies upon a small bank of professional advisers, including expert fundraisers, to support its strategic development.

Financial security and Artistic risk

The strategic plan which AAW is now pursuing has been facilitated by its strong financial plan and sound governance. Non-public arts funding has arguably enabled the organisation to take greater creative risks but like many small arts charities, the organisation's ambition was constrained by its limited capacity. Public funding has unlocked AAW's potential.

Conclusion

Non-public funding has been a highly beneficial financial resource for Arts Alive Wales, without which it would not have secured ACW investment. Arguably AAW

has been able to take greater creative risks with the unrestricted funds it has earned or fund-raised than would have been the case with public funding.

Public funding of the arts is essential, because it places visible value on the fundamental role of the artists, culture and the arts in society and in the lives of individuals and communities. However, all financial resources come with responsibilities and obligations. Public funding should be used to generate other non-public resources, whether these are cash or in kind.

The huge role and value of unpaid volunteers, is one 'in kind' contribution which is scarcely recognised within the ecology of Welsh arts organisations.

Whilst recognising the difficulty of quantifying their value, the 2015 Charity Statement of Recommended Practice for accounts, acknowledges this and recommends that notes to the accounts acknowledge their benefit and contribution.

Welsh arts organisations often lack the skills and capacity to generate new income streams, and AAW applauds initiatives such as the Resilience programme, which offer support for strategic development. Further cash funding to invest in the professional development of staff would be welcome and would enhance the sector's confidence and creativity.

AAW recognises that as a micro-business with five (soon to be six) employees, it is supporting a modest cost base compared to bigger arts organisations. The fundraising target it has itself – that public funding forms no more than 25% of its overall income – reflect its understanding of its own specific operating conditions.