



Arts Council of Wales

Capital Strategy 2012/17



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Introduction

The Arts Council of Wales has distributed Lottery funding for Capital projects since 1997. Since that time it has awarded over £111,048,872 to a total of 1,599 organisations throughout Wales.

In doing so, we've been able to transform the landscape of the arts in Wales: landmark buildings such as the Wales Millennium Centre and Newport's Riverfront have created important new opportunities for people to enjoy the arts; investment in Galeri Caernarfon, Theatr Mwldan and Aberystwyth Arts Centre have provided the impetus for wider re-generation and economic development; Ruthin Craft Centre and Mostyn have raised the profile of visual arts and crafts internationally; while Valleys Kids and Chapter have developed vibrant, well-used cultural facilities of national significance that are firmly embedded in their localities.

Throughout, one of the guiding principles has been a commitment to quality of design. As a result, Wales now boasts a number of architecturally distinctive buildings, many of which have won national and international awards.

We commissioned an external review of our Lottery Capital programme and in 2010 its findings were presented by Artservice. The resultant report commented very favourably on the achievements of Capital investment to date, and suggested a number of areas for further consideration.

Such consideration comes at a time when the wider financial and economic context couldn't be more challenging. Public funding has been significantly reduced, with capital funding being cut to a proportionately greater extent. And some question any investment in 'bricks and mortar' when funding for project activity is perceived as the more important need.

Our instinct is that now isn't the moment to stand still and mark time. We believe that there's important work still to do, and we feel very strongly that we must consolidate and build on existing achievements. We have now in Wales a network of world-class arts facilities that need to be nurtured and maintained. However, there are key parts of the country where the benefits of capital investment have been less fully felt and which demand the quality of facilities that communities in other parts of Wales now take for granted.

This Capital Strategy identifies a number of options for future investment. Some of these have emerged through the re-examination of funding policy that we completed through our Investment Review. Others flow from the findings of the Artservice Review.

1. The policy framework

Our Capital Review did not take for granted that there should be a new Lottery Capital programme. We understand the view of those who say that during a time of economic hardship, further capital investment (especially in new arts facilities) is a luxury that we can't afford. However, our concern is, can we afford not to make this investment?

We have no intention of spending recklessly or without purpose. Capital Lottery funding for the arts is an investment in the nation's cultural assets for the public benefit of the people of Wales. To allow those assets to be used at less than their potential – or even worse to allow them to fall into disrepair – would, in our view, be a false economy.

Typically, Capital Lottery funding has been used to:

- enhance, refurbish or create buildings for the arts
- assist with the purchase of equipment and vehicles
- commission and create public art
- support the development and production of film

And Capital Lottery funding is offered in the expectation that it will:

- deliver a demonstrable public benefit
- achieve more equal access to the arts
- help to raise the quality of arts activity
- act as an incentive to attract other investment in the arts
- assist arts organisations to become more financially sustainable
- provide a managed process of staged investment that encourages best practice in the planning, procurement and delivery of capital projects
- exemplify the highest standards (especially in terms of the quality of the design and construction of building projects)

These are the simple basics that will continue to underpin the foundation for our new Strategy.

But this Strategy has to go further than the simple basics. Our Strategy must achieve development, improvement and change. It must support the delivery of our four arts priorities.

These priorities are:

1. Supporting the creation of great art

2. Encouraging more people to enjoy and take part in the arts
3. Growing the arts economy
4. Developing the effectiveness and efficiency of our business

Our Strategy will support these priorities by responding to the needs of artists, arts organisations and the public, working to ensure that there's better access to the arts, and breaking down the barriers that prevent the widest possible range of people from enjoying and taking part in the arts.

2. Achieving a joined up approach

Decisions about the deployment of Lottery Capital can't be taken in isolation from wider investment decisions in the arts. The Arts Council, Welsh Government, local authorities, Universities and a range of trusts, foundations, public and private bodies provide revenue and project funding in support of the arts.

If the impact of Lottery is to be maximised, capital funding must enhance and complement other sources of funding. From the Arts Council's point of view, we're especially keen to look imaginatively at how Lottery and grant-in-aid funding can work together to achieve the outcomes that we wish to see.

At the heart of the Arts Council's investment in the arts is its new portfolio of revenue funded organisations (RFOs). The new portfolio was identified through our Investment Review. It represents a network of organisations, large and small, that will be at the forefront of leading the development of the arts across Wales. Many of these are jointly supported by other funding partners, usually one of Wales's local authorities, universities or colleges.

We have high expectations of our new RFO portfolio. We want to see them thrive, and not merely survive. It's therefore in everyone's interests to ensure that they're given every opportunity to succeed. A future Capital programme will have a key role to play in ensuring that these organisations have the facilities and resources they need to create and deliver work of the highest quality, to take that work to a wider audience, and to support creative practitioners in developing and presenting new work. It's therefore imperative that Capital funding priorities are aligned with the outcome of

the Investment Review and used to support the new portfolio of revenue-funded organisations, so that there's a joined-up, coherent approach to arts development and growth.

Our portfolio of RFOs won't, however, provide the answer to all of the country's arts development needs. We accept that there might be strategically important needs – or opportunities – that don't always correspond neatly with an existing RFO. Where a project provides a strong and persuasive case for support, we should be prepared to consider it on the basis of its strategic merits.

3. Making capital investment work harder

We know that there will be no repeat of the high levels of funding seen in the early days of the Lottery, although we expect to see some modest growth over the coming years. The current Lottery Distributor licence runs to 2019. Using previous Capital allocations for comparison, an annual budget of £5m to £6m a year would yield between £25m and £30m in the five years from 2012 to 2017.

At one level, £30m is clearly a very significant sum of money. However, it isn't enough to support a large number of projects, and larger-scale, expensive initiatives will be a rarity (if they are affordable at all).

We'll need to use our funds astutely to achieve maximum impact from our investment. It's likely, for example, that we'll want to place a greater priority on the refurbishment of existing facilities rather than new build schemes (although it might be possible in exceptional circumstances that a new build project presents an overwhelmingly persuasive case to address a clear need). We'll also need to work closely with other Lottery distributors, the Welsh Government and other agencies to maximise the impact of investment through jointly-funded schemes. This will be especially important in relation to cross-cultural projects and those that might be linked to wider regeneration schemes.

In some instances, a lower proportion of Arts Council capital investment (under 50% of the total costs of a scheme) can achieve benefits for the arts by ensuring that multi-use schemes or projects driven by other priorities (for

example heritage or education) can also accommodate and be of benefit to the arts. The Capital programme should not therefore lose the ability to invest modest amounts into such schemes where we can be sure that our investment will bring tangible and cost-effective benefits for the arts and address our strategic priorities.

In an ideal world, every capital investment would have an unequivocally positive outcome. In the majority of cases it does. However, we also know capital projects can sometimes be problematic.

A key area of concern is the potential revenue impact of a Capital scheme.

In the very early days of the Lottery there was an optimistic assumption that Capital investment would be either revenue neutral, or it would help 'gear up' organisations to become more profitable. The reality is less straightforward.

It's apparent from our experience of previous projects that revenue projections haven't always provided an accurate estimate of financial needs post completion. While it can be extremely difficult to assess the financial needs of a new venue or facility – or to fully gauge the impact of a new or upgraded facility – it will be vital that the appraisal of revenue requirements is as realistic as possible. If Capital investment is to have a positive rather than a negative impact, any new or additional revenue must be identified and given full consideration by all stakeholders at an early stage in the development of any new scheme or project.

Financial sustainability is an essential requirement of the arts infrastructure and we're very conscious of the partnership which exists with other partners (especially local authorities) and the role they play in investing in and supporting the infrastructure. In the short-term, local authorities will have less funding to invest in capital projects. However, if we're to extract maximum value from Lottery funding, we should be prepared to consider whether capital investment is helping to ensure the continued investment of other stakeholders in arts provision.

4. Capital Scheme Priorities

We are proposing that the following priorities will inform our future funding decisions.

1. **Developing the arts infrastructure** – the aim will be to enhance the creative and organisational capacity of key arts organisations, helping them to realise the full potential of their facilities. The focus will be the Arts Council’s portfolio of revenue funded organisations, although strategically significant projects will be considered on an exceptional basis
2. **Completing the national infrastructure** – a small number of key geographical and cultural gaps in national arts provision will be considered. For example, the development of the arts in Wrexham and Heads of the Valleys are particular priorities
3. **Maintaining the standard of the infrastructure** – investment will be available to existing facilities and venues to help keep them up to standard and enable them to prosper
4. **Improving the viability and sustainability of key arts organisations** – we will want to invest in entrepreneurial and commercially oriented capital initiatives specifically designed to increase income and reduce costs. We’re especially interested in initiatives that involve collaboration and partnership between different arts organisations
5. **Regeneration and the creative industries** – we will support creative projects which are part of wider regeneration programmes that help to develop and grow the arts economy in Wales. We are particularly interested in the development of creative workspaces where there is a clear market need, and a financially sustainable business model
6. **Equipping the arts to thrive** – we will help organisations to ensure that they have the right tools for the creative challenges that they’ve set for themselves. Our priority will be those arts organisations or projects that are part of, or play a key role in supporting the arts infrastructure, increasing access to the arts across Wales

7. Encouraging exemplary public art projects – we expect all building-based projects to incorporate an appropriate public art strategy into the overall plans for that project. However, we'll be prepared to consider individually commissioned pieces of public art if they are part of a well-conceived, wider regeneration strategy

Areas for potential capital investment will be given a lesser priority include:

- new build schemes that aren't identified as part of the national infrastructure
- multi-use community facilities, unless they represent high levels of arts benefit and provide an attractive 'return' (culturally and financially) on Lottery investment
- organisations and facilities not within the Arts Council revenue portfolio, unless they were part of a strategic scheme within identified priorities or are deemed to be of major local strategic importance

We do not propose to provide Capital funding towards:

- schools building projects (these will not normally be considered unless they fulfil a strategically identified gap in arts provision)
- the purchase of musical instruments
- local authority-owned and operated venues that have not been identified as strategic priorities

4.1 Developing the arts infrastructure

A key priority of our new Capital programme will be to ensure that the organisations within the Arts Council's revenue funded portfolio have the facilities and equipment required to enable them to create, deliver and present work of the highest standard.

Future capital investment will therefore be closely aligned with the priorities identified in Investment Review strategy paper, *Renewal and Transformation*. Our aim should be to create a first class arts infrastructure in Wales consisting both of the network of independent arts facilities and agencies, and those local authority managed and supported venues which have been identified as an essential part of the infrastructure.

4.2 Completing the national infrastructure

Our previous Capital Strategy identified gaps in arts provision (for example in Wrexham and the Heads of the Valleys). These still exist and should continue to be priorities. In addition, the completion of a new facility in Bangor (under development) and refurbishment of Theatr Clwyd are imperative to maintaining an effective infrastructure in North Wales. Other schemes already in the pipeline or recently completed (Glynn Vivian Art Gallery, Sherman Cymru, Chapter) will address development needs previously identified.

There has been limited investment in the upgrading and refurbishment of live arts venues in Powys. A scheme to refurbish Theatr Hafren was previously put forward, but it was not possible for it to be prioritised at that time given other commitments already in the pipeline. Welsh Government's Pembrokeshire Spatial Plan Area has also had few major schemes (though several educational and community facility schemes have been supported). Careful consideration should be given to projects in these areas provided that they're of sufficient quality and strategic importance, and have the active support and commitment of the relevant local authority.

In terms of artform provision, both the performing and visual arts have received significant investment in facilities, as has contemporary craft. The Wales Millennium Centre is a world class venue for opera, music theatre and the performing arts. While there has been limited investment in dedicated music facilities, this is an area which has benefited from improvements to other performance spaces and ancillary facilities.

Dance has also benefited from a variety of new production and rehearsal facilities, (for example at Wales Millennium Centre, The Riverfront and Aberystwyth Arts Centre) and new and improved performance spaces. However, across Wales there are still insufficient dedicated facilities for people to participate in dance or for the dance sector to build on the growth in dance activity especially at community level.

Our ambition to develop a new network of "Dance Hubs" at venues throughout Wales is likely to result in a demand for Capital investment. The creation of dedicated spaces for dance rehearsal, participation and production should therefore be given a high priority, especially when

integrated with existing venues and facilities. This would enable them to extend their opportunities for people to engage with dance activity.

4.3 Maintaining the standard of the infrastructure

The substantial capital investment which has taken place during the past 14-15 years has created a network of arts facilities of the highest quality. While there remain some gaps in the infrastructure, it's imperative that the range of first class facilities and artworks created does not deteriorate over the next five to ten years.

Venues which benefited from capital investment – or were built as new facilities 5-10 years ago – may now require further investment to carry out refurbishment (for example, to address any shortcomings in the building identified through operational experience). We need to bring facilities back up to the highest standard through redecoration, renewal and replacement of equipment, re-design of catering and trading facilities and other works. Furthermore, the face of the arts and cultural sector is changing and will continue to change; facility needs will also change.

A key priority should therefore be to ensure that the value of the capital investment undertaken in creating the arts infrastructure is not lessened by failure to maintain buildings to a high standard or to respond to new opportunities. We need to upgrade and extend facilities that will contribute to the creative and financial success of the organisation and help to ensure future sustainability. A national audit of the condition and ongoing capital needs of facilities supported by the Arts Lottery could form the basis for a national investment plan to ensure that the quality of the arts infrastructure is maintained.

4.4 Improving the viability and sustainability of key arts organisations

At a time of increasing pressure on public funds it's imperative that all arts organisations maximise income generation and identify ways in which they can widen their financial bases through capital investment. We want to support arts organisations in developing entrepreneurial and commercial approaches to meet the challenges they face, and those who've demonstrated imaginative ways of increasing their sustainability by continuing to back successful organisations.

This might include developing workspace and facilities for hire (as at Galeri in Caernarfon); improving and extending bar and catering operations; developing new retailing opportunities; or by creating other new income generating facilities or services, including investing in state of the art digital cinema equipment; web-based sales systems; paid parking services; and developing premises or facilities to rent or lease.

Capital investment might also be used to support greater efficiency and reduce costs, for example, by improving databases and internet services; energy reduction in buildings; improving operational effectiveness and the sharing of services and facilities. In some instances, this might involve partnership with the private sector.

Capital investment designed to increase and diversify the income base of an organisation must be accompanied by a strong emphasis on delivering services and developing income streams which will operate commercially. This may need some new ways of thinking about how organisations accustomed to relying on public subsidy can develop different approaches and operational practices focused more clearly on the 'bottom line'.

Schemes which improve sustainability and generate new income streams should therefore be given a high priority. This priority might apply to both revenue funded organisations and venues outside the revenue portfolio but with a key strategic role in local arts provision (including local authority-operated venues, where they meet the scheme criteria).

4.5 Regeneration and the creative industries

The growing importance of the creative industries within the broader framework of economic regeneration in the UK economy has been well recognised. The creative industries are a key sector for economic growth required to replace our traditional manufacturing industries in the UK. They are also one of the six priority areas identified in the Welsh Assembly Government's Economic Renewal Programme.

This is not new territory. There have already been a number of important initiatives: Chapter Arts Centre's long-standing creative industries centre; rural crafts-based workspace projects such as Ruthin Craft Centre; and the inclusion of workspace within several Capital Lottery funded schemes (including Aberystwyth Arts Centre, Galeri, Theatr Mwldan; Bay

Art/Butetown Artists). However, there remains scope for further investment in the sector, particularly in North and Mid-Wales.

Capital schemes are often successful in accessing regeneration funding and this is an area where the impact of Capital investment can be maximised by being matched with funding from other agencies. Sustainable schemes which are integrated into other regeneration initiatives, designed to support the creative sector and encourage businesses to grow and prosper and which do not require ongoing public subsidy, should therefore be given a high priority. Similarly, cross-cultural developments that bring together different funding agencies, the integration of arts and media practice, including film, and maximising the impact of Arts Lottery Capital investment should also be given priority.

4.6 Equipping the arts to thrive

Continuing investment in equipment is vital for the arts infrastructure, to ensure the technical and other facilities are up to date and of good quality and that organisations and venues can present work to the highest standard. Investing in equipment upgrades, replacement and new installation is therefore critical.

Support for the purchase of equipment, including vehicles for touring production companies, theatre and exhibition technical equipment and other essential equipment such as portable dance floors and box office systems, is essential in maintaining an effective arts sector capable of delivering work of the highest standard to the widest audience.

The Lottery Capital programme should therefore support equipment purchase and upgrading for organisations and venues (both revenue and project funded) which play a key role in delivering work to audiences across Wales. It is proposed that applications should normally be limited to £100,000.

4.7 Encouraging exemplary public art projects

Public art is a particular area where the Lottery capital programme has worked alongside regeneration schemes to raise the quality and level of art in the public realm. This has resulted in productive partnerships with a variety of local authorities and other agencies which should be continued.

Notions about public art have moved on considerably in recent times. The stand alone piece has its place but integration into architectural and environmental schemes has also come to the fore as a more preferable and satisfactory approach. Over the last two decades the practice of public art has shifted from object based intervention to a more process based practice, bringing into the mainstream the notion of temporary intervention. The landscape of art in the public realm has become more sophisticated and imaginative.

An important goal of the Arts Council's wider Public Art strategy is that we'll develop and deliver, in partnership, an innovative programme of art in the public realm projects which places quality at the core of the delivery and outcomes. Our Lottery Capital investment in this area will support that goal.

5. Concluding comments

The Arts Lottery Capital Programme Review completed by Artservice in 2010 concluded:

"The Arts Lottery Capital programme has... transformed the cultural landscape in Wales and provided the country with a high quality network of venues for the 21st century.

The programme has been coherent and structured, designed to create a national network and has addressed strategic priorities well, both in terms of geography and artform needs. It has inspired a new creative renaissance and self-belief in the arts which has touched almost every corner of the Country..."

It's satisfying to enjoy the success of past achievements, but much remains to be done. If we can achieve such a positive endorsement at the end of our next Capital programme we'll be very pleased.