



Northern Ireland
Assembly

Research and Library Service Research Paper

September 2010

Departmental Spending Reductions in Culture, Arts and Sport

NIAR 386-10

This paper describes the funding reductions – either proposed or implemented – in culture, arts and sport funding across the UK and Republic of Ireland in response to government budget deficits and policy changes. It attempts to foresee some of the implications of these changes for the devolved administrations, including Northern Ireland. Some of the concerns raised by the culture, arts and sport sector in response to these changes are also summarized.

Paper 128/10

3 September 2010

Research and Library Service briefings are compiled for the benefit of MLA's and their support staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. We do, however, welcome written evidence that relate to our papers and these should be sent to the Research & Library Service, Northern Ireland Assembly, Room 139, Parliament Buildings, Belfast BT4 3XX or e-mailed to RLS@niassembly.gov.uk

Key Points

- The culture, arts and sport sector has been viewed by some commentators as an **'easy target'** in times of economic austerity.
- The UK and the Republic of Ireland governments have recently sought to **reduce the number of arms-length bodies** (ALBs) as a key method of reducing departmental expenditure.
- The UK Department for Culture, Arts and Leisure (**DCMS**) **may impose a reduction of 50% on its own staff** numbers, and has proposed merging or abolishing a large number of its ALBs. The Museums, Libraries and Archives Council (MLA) and UK Film Council are two notable abolitions.
- The evidence suggests a policy of **reducing state funding** in favour of private sector investment and an **increase in National Lottery funding**. The coalition government has also voiced support for tourism as a method of drawing private sector income into the sector.
- There are ramifications from these changes for Northern Ireland bodies. **Direct funding cuts following the CSR announcement and Barnett formula are likely to be severe**. Some UK ALBs are not devolved so changes will have a direct effect on NI, such as changes to the National Lottery. Other indirect effects include potentially **greater back-office demands on NI bodies** as equivalent ALBs in England are merged or abolished. Other bodies, such as the MLA, had no direct equivalent in NI, but did offer **strategic guidance which may now be lost**.
- In Scotland and Wales, the scale of immediate changes has been less than in Westminster, though much remains uncertain until the CSR announcement on 20 October, **Arts Council Wales and the new Creative Scotland** have already stated they **will reduce the number of projects and organisations they fund**.
- In the **Republic of Ireland**, though proposals for major changes to the Departments for Rural, Community and Gaeltacht Affairs and Arts, Sports and Tourism had been made in the McCarthy report in July 2009, **subsequent action by the government has turned out to be less extensive**.
- Concerns have been expressed about the impact of funding cuts on culture, arts and sport. These concerns include: scepticism about **private sector investment**, the loss of **community identity and quality of life**, long-term damage to the **'supply chain'** of new artists, **losses to the economy**, the compounding effect of **local government funding reductions**, an unrealistic **reliance on tourism**, **reduced public participation** in culture, arts and sport, **a diminution of arts funding** in favour of the Olympics, and concerns about the **future of the UK film industry**.

Annexe 1 summarises some of the main changes in each area of the UK and Republic of Ireland.

Executive Summary

The culture, arts and sport sector has been viewed by some commentators as an 'easy target' in times of economic austerity, with such activities regarded by some as non-essential public services. While the 2012 Olympics will continue to give some sports a high profile, concerns have been expressed by bodies across the UK and Republic of Ireland that the extent of funding cuts carried out or proposed as part of budget reduction measures are disproportionate, and will inflict long-term damage on the sector. To counter this, some bodies have begun to articulate strong counter-arguments about the economic and social advantages of culture.

Both the UK and the Republic of Ireland governments have sought to reduce the number of 'arms-length' (or 'semi-state') bodies which they fund as a key method by which to reduce departmental expenditure. Up to the end of August 2010, the UK government had scheduled to cut around 80 bodies across all departments, with five of these to come from the Department for Culture, Media and Sport (DCMS) in Westminster, and a further 10 under consideration.

These budget cuts have coincided with a change in funding policy within DCMS, with a substantial shift away from Exchequer funding proposed. To replace this, a plan to increase the allocation of National Lottery funding for arts, heritage and sport is currently under consultation, and encouragement will be given to philanthropists to donate larger amounts to this sector than they do currently.

The evidence would suggest that the UK Minister for Culture, Media and Sport, Jeremy Hunt, intends to reduce the overall contribution made by the state to culture, arts and sport by as much as 40% and encourage private sector contributions instead. With the funds saved from such a move, he wishes to make a contribution to the overall budget deficit, but also to retain sufficient funding to continue publicly-subsidised free entry to national museums, and to prioritise a successful delivery of the London Olympics in 2012.

The proposed changes to culture, arts and sport-related arms-length bodies overseen by DCMS are extensive, with a number of significant abolitions and mergers. For example, the Museums, Libraries and Archives Council (MLA) and UK Film Council will be abolished, and UK Sport merged with Sport England. In addition, the UK Department for Culture, Media and Sport (DCMS) may impose a reduction of 50% on its own staff numbers.

There are various ramifications from these changes for Northern Ireland bodies. Some of these changes will emerge as direct funding cuts from the CSR announcement and Barnett formula. Some altered UK arms-length bodies carry out work which is not devolved so a direct effect will be felt, such as changes to the allocation of National Lottery funds. Other indirect effects include the imposition of potentially greater back-office demands on NI bodies as equivalent (but often larger) arms-length bodies in England are merged or abolished. Other bodies, such as the Museums, Libraries and

Archives Council, had no direct equivalent in NI, but did offer some strategic guidance which may now be lost.

In Scotland and Wales, though cost-cutting measures are under discussion and some changes to ALBs have occurred, the changes so far have been somewhat less dramatic. Much remains uncertain until the CSR announcement on 20 October, though a number of bodies, including Arts Council Wales and the newly formed Creative Scotland, have instituted a review process and concluded by reducing the number of projects and organisations that they core-fund.

In the Republic of Ireland, though proposals for major changes to the Departments for Community, Rural and Gaeltacht Affairs and Arts, Sports and Tourism had been made in the McCarthy report in July 2009, subsequent action by the government has turned out to be less extensive with both departments remaining in existence.

Concerns have been expressed by a range of different arms-length bodies and non-governmental bodies about the long-term impact of funding cuts on culture, arts and sport. These concerns can be summarised as follows:

- **Increased private sector funding:** it may take some time to fill the funding gap left by state grants, and could result in less artistic experimentation as sponsorship may favour 'blockbuster' shows and performances instead. The UK tax regime is not as well suited to philanthropy as in the US. Giving to arts has dropped by 24% in Northern Ireland in the last year.
- **Social and intangible benefits:** factors such as community identity and empowerment, personal development and social interaction, distractions away from anti-social behaviour, and overall quality of life may be diminished, though some of these factors can be hard to record and express to funders and policy makers.
- **Long-term impact of funding cuts:** many arts leaders have spoken of a 'tipping point' in funding reductions, beyond which irreparable and long-term damage will be done to the culture and arts infrastructure. Some have warned that cuts which deeply affect the sector may risk losing skilled artists to other professions, and break the 'supply chain' of young, new entrants.
- **Losses to the economy:** the creative industries in the UK and Republic of Ireland are particularly economically productive compared with other EU countries, with a contribution of 4.5% to UK GDP. Audiences NI has reported that despite the recession, the number of households attending an arts event rose by 7% in 2009. Such attendance generated £16.2 million, an increase of 11% on the previous year. Large funding cuts may diminish the contribution which could be made by the creative industries to reducing the overall budget deficit.
- **Local government funding reductions:** local councils play an important role in providing support and facilities for culture, arts and sport, so some say that any funding reductions imposed locally will compound those imposed from central government.

- **Over-reliance on tourism:** the coalition government has voiced support for culture and heritage tourism as a key industry during the economic recovery and have hinted at tax reform to help its growth. Will tourism be relied on to plug a funding reduction from central government, and is such a reliance realistic?
- **Reduced participation in culture, arts and sport:** figures suggest that public participation in these activities is high, through volunteering, employment and audiences. Thus, any reduction in support or funding by the state is likely to have a widespread and visible social impact.
- **Culture versus sport?:** some arts organisations have voiced concern that their funding has been cut to fund the 2012 Olympics.
- **Film industry reductions:** of all the arms-length body changes, the abolition of the UK Film Council has caused the most obvious concern, with many commentators pointing to the success of the UK film industry in generating income and marketing GB and NI abroad.

Contents

- Key Points3
- Executive Summary.....4
- 1 Background: contributions to the budget deficit9**
 - 1.1 UK.....9
 - 1.2 Republic of Ireland.....9
- 2 Departmental reductions 10**
 - 2.1 UK/England 10
 - 2.2 Northern Ireland 12
 - 2.3 Republic of Ireland..... 14
 - 2.4 Scotland 17
 - 2.5 Wales 19
- 3 Concerns expressed 20**
 - 3.1 Increased private sector funding.....20
 - 3.2 Social and intangible benefits21
 - 3.3 Long-term impact of funding cuts.....22
 - 3.4 Losses to the economy.....23
 - 3.5 Local government funding reductions25
 - 3.6 Over-reliance on tourism?25
 - 3.7 Reduced participation in the arts and sport.....26
 - 3.8 Culture versus sport?26
 - 3.9 Film industry reductions.....26
- 4 Recommendations27**

Annexe 1: Summary of budget cuts in UK & RoI

1 Background: contributions to the budget deficit

1.1 UK

On gaining office in May 2010, the UK Chancellor of the Exchequer George Osborne announced an initial round of funding cuts of £6 billion for the 2010/11 financial year. Further to this, in the Emergency Budget delivered on 22 June 2010, Osborne announced that it is the UK Government's intention to cut the structural budget deficit, and therefore to begin to reduce the country's overall debt levels, by 2016. The UK's total debt is forecast to peak at 70% of GDP in 2013-14, before falling to 67% by 2015-16. The intention is to achieve this falling trend by implementing a total deficit reduction programme of £113 billion by the end of 2014-15. It is claimed by the newly-established Office for Budgetary Responsibility that if these measures are not put in place, UK debt would still be rising in 2014-15 to 74.4 per cent of GDP¹.

The government has announced substantial departmental spending reductions, though has protected the NHS and the Overseas Development Agency. The HM Treasury budget report states that 'once the Government's commitments on protecting health and overseas aid are taken into account, other departments could see average real cuts to their budgets of around 25% over four years'². However, the Chancellor has said that he would 'look favourably' on Defence and Education. According to the Institute for Fiscal Studies, this could leave unprotected departments, such as Culture, Media and Sport, with budget cuts of up to a third³.

1.2 Republic of Ireland

In order to tackle severe difficulties in dealing with the scale of the national debt, the Irish government announced expenditure reductions in July and October 2008, and in February and April 2009. On 27 November 2008, the Irish government announced the establishment of a Special Group on Public Service Numbers and Expenditure Programmes (the so-called *McCarthy Report* or *An Bord Snip Nua*) in order to 'examine the current expenditure programmes in each Government Department and to make recommendations for reducing public service numbers'⁴. The group delivered its findings in July 2009, proposing options of €5.3 billion in savings from departmental spending (including staff reductions of around 17,000), and presenting further savings from public service pay, pensions, and capital expenditure. In all, the *McCarthy Report* recommended 43 actions to rationalise state agencies and other bodies or structures, saving €170 million annually.

¹ HM Treasury. 2010. *Budget 2010*. London: The Stationery Office: p14.

² HM Treasury. 2010. *Budget 2010*. London: The Stationery Office: p17.

³ BBC News website. 'Budget UK faces worst cuts since World War II says IFS': <http://www.bbc.co.uk/news/10393585> Accessed 19.7.10.

⁴ *Report of the Special Group on Public Service Numbers and Expenditure Programmes*. Volume 1. 2009. Dublin: Government Publications.

The Irish government has presented three austerity budgets in just over a year, the first two of which focused on taxation rises, with the third announcing €4 billion of spending cuts in 2010⁵. Further savings of around €3 billion are planned for each of 2011 and 2012, and on 26 July capital spending plans were announced, including a €1 billion reduction. It was reported on 1 August that Minister for Finance Brian Lenihan has announced a review of Semi-State CEO pay⁶.

Fears have been expressed by non-governmental organisations that culture, heritage and the arts, and to an extent sport, will be made to suffer disproportionately throughout the UK and Republic of Ireland as a result of the financial cuts. The nature of such cuts, either proposed or implemented, is outlined below.

2 Departmental reductions

2.1 UK/England

Following George Osborne's announcement of a £6 billion in-year budget reduction for 2010/11, the DCMS budget for that year was reduced by 4.1% (or £88 million). On 17 June, DCMS announced that £73 million of that sum would be met through the withdrawal of funding for free swimming for those aged 16 and under and over 60, and cancellation of the Stonehenge visitor centre and the British Film Institute (BFI) Film Centre, plus various other smaller projects⁷.

Further to these immediate cuts, the BBC reported on 3 July that UK government departments were requested by the Chancellor to present plans for options of 25% and 40% cuts by a deadline of 16 July⁸. It is still not clear what plans have been formally proposed to HM Treasury, and which proposals have been amended or accepted. However, the *Guardian* newspaper reported on 26 July that the Minister for Culture, Media and Sport proposed to cut staff within his own department by 50%. The newspaper commented that,

*'The DCMS, even now still referred to in some circles as the 'Ministry of fun', has one of the smallest of Whitehall budgets at £2.1bn, compared to, for example, the defence budget of more than £36bn. It also has one of the smallest workforces – 590 of the 468,700 civil servants employed by central government.'*⁹

⁵ Department of Finance. 'Budget 2010': <http://www.budget.gov.ie/Budgets/2010/2010.aspx>. Accessed 22nd July 2010.

⁶ RTÉ News website. 1.8.10. 'Semi-state bosses face possible pay cut': <http://www.rte.ie/news/2010/0801/pay.html> Accessed 2.8.10.

⁷ DCMS news release. 17.6.10. 'Further savings announced': http://www.culture.gov.uk/news/news_stories/7193.aspx Accessed 17.6.10

⁸ BBC News website. 'Minister plays down 40% cuts planning': <http://www.bbc.co.uk/news/10500081>. Accessed 22 July 2010.

⁹ *Guardian Newspaper*. 21.7.10. 'Hunt to cut his own department in half'.

In terms of official proposals, on 26 July 2010, the Minister for Culture, Media and Sport announced a review of its Arms-Length Bodies, and proposed a number of mergers and abolitions¹⁰. A summary of these proposals is as follows:

- Abolition of the UK Film Council
- Abolition of the Museums, Libraries and Archives Council
- Merger of UK Sport and Sport England
- Merger of the National Lottery Commission and Gambling Commission
- Abolition of the Advisory Council on Libraries and the wind up of the Legal Deposit Advisory Panel
- Abolition of the Advisory Committee on Historic Wreck Sites and the declassification of the Advisory Committee on National Historic Ships
- Declassifying the Theatres Trust so it can act as an independent statutory advisory body.

Other changes include a review of the role and remit of heritage bodies, including English Heritage, the Heritage Lottery Fund and the National Heritage Memorial Fund, and a number of other bodies including the Commission for Architecture and the Built Environment, the Churches Conservation Trust and Visit Britain.

Many of these measures are merely proposals at this stage, but some have been concluded and their effects are being put into operation. Other moves will require legislative changes and must be made through the Cabinet Office Public Bodies Bill, which is due to be introduced in the autumn.

The Minister has stated that the policy direction for the coalition government with regard to Culture, Media and Sport will be the delivery of a successful 2012 Olympics, fostering an environment within which superfast and universal broadband can be delivered (via a private sector model, rather than the levy introduced in the Digital Economy Bill 2010), media reform, sport for young people, reformed Lottery prioritisation, and growth in tourism and the creative industries¹¹. DCMS also stated that its new policy direction would be to boost the 'Big Society' by encouraging philanthropy. To accompany the statement, DCMS has published a Structural Reform Plan, now open for consultation.

DCMS has also launched a consultation on changes to the 'shares going to the National Lottery good causes of arts, sport, heritage and charitable expenditure, health, education and the environment'¹². This change in policy seeks to shift the balance and

¹⁰ DCMS Press Release. 26.7.10. 'DCMS improves efficiency and cuts costs with review of arm's length bodies': http://www.dcms.gov.uk/news/media_releases/7297.aspx Accessed 26.7.10.

¹¹ DCMS Press Release. 15.7.10. 'A new way ahead for culture, media and sport': <http://www.culture.gov.uk/news/stories/7249.aspx> Accessed 15.7.10.

¹² Department for Culture, Media and Sport. 2010. Consultation on the National Lottery shares': <http://www.culture.gov.uk/consultations/7070.aspx> Accessed 21.7.10.

ascribe greater funds to art, sport and heritage, and takes funds away from 'prescribed expenditure', that is, funds assigned to charitable, health and educational causes.

The Structural Reform Plan and proposed National Lottery changes together indicate that there is a new emphasis for DCMS on encouraging philanthropy and allocating more National Lottery funds for art, sport and heritage, in preference to funding from the Exchequer distributed from DCMS or one of its ALBs. The Lottery plans include a proposal to increase the share of funds allocated to heritage, arts and sport to 18% each in 2011 and 20% from 2012, up from 16.66%. Some reports suggest this change will amount to an additional £50m a year for the heritage sector alone¹³.

In addition to these mergers and reviews, a number of ALBs will be directly affected by funding cuts.

Arts Council England, which published its Annual Report on 22 July 2010, reported that it has already reduced its running costs by 15% in order to manage the impact of a total 2010/11 budget reduction of £23 million. The emphasis has been on keeping cuts away from 'frontline' grants, but it has stated that they 'cannot guarantee that there will be no effect'¹⁴. Indeed, *The Guardian* has reported that DCMS has asked Arts Council England to provide models of how they would implement cuts of 25-30% over four years. AC(E), which receives £445m to give out to 850 organisations around the country, has warned that it may have to stop funding for at least 200 organisations¹⁵.

The Culture, Media and Sport Committee has launched a new inquiry and call for evidence into the funding of the Arts and Heritage. The purpose of this is to examine the impact that spending cuts, recent and future, from central and local government will have on the arts and heritage at a national and local level¹⁶.

2.2 Northern Ireland

A recent report by Oxford Economics concluded that the Northern Ireland funding allocation could be cut by around £1.2 billion over the next five years. If the budgets of all departments were cut equally, that would mean a cut to DCAL of about 8.4%. If the health budget is entirely 'ring-fenced', DCAL could be cut by around 15%, and if both health and education are protected, cuts could be as much as 22%¹⁷.

¹³ Museums Association news. 2.8.10. 'MA to respond to Lottery funding consultation':

<http://www.museumsassociation.org/news/02082010-ma-to-respond-to-lottery-funding-consultation> Accessed 23.8.10.

¹⁴ Arts Council England. *Annual Review 2010: Arts Council England grant-in-aid and Lottery annual report and accounts 2009/10*. London: The Stationery Office.

¹⁵ *Guardian Newspaper*. 'Hunt to cut his own department in half'. 21st July 2010.

¹⁶ UK Parliament website. 'Committee launches a new inquiry into The Funding of the Arts and Heritage':

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/culture-media-and-sport-committee/news/committee-launches-a-new-inquiry-into-the-funding-of-the-arts-and-heritage-/>: accessed 29.7.10

¹⁷ Oxford Economics. 27.6.10. July 2010. *Cutting Carefully – how repairing UK finances will impact NI: A report for NICVA*.

These potential savings are in addition to the £128 million and £393 million already announced by the NI Executive in 2010¹⁸.

At this stage, much remains unclear until the allocation of the block grant and any potential departmental reductions are known in September, and the Comprehensive Spending Review decisions are announced on 20 October 2010. Much depends on the application of the Barnett formula, and the extent to which the departmental spending cuts opted for by DCMS will be applied in Northern Ireland. It is also not yet clear exactly what contribution DCAL will be required to make to the savings plans issued by DFP. However, some indication of the scale of cuts was provided by DCAL staff to the Committee for Culture, Arts and Leisure on 2 September, with a spending reduction of around 18% over the four year Spending Review period up to 2014/15.

Aside from the issue of departmental funds, some of the changes proposed by DCMS are likely to have either a direct or indirect impact on Northern Ireland. Within the area of culture, arts and leisure, some activities are not devolved, and so UK departmental cutbacks will have a direct effect on activities within Northern Ireland. For example, the Advisory Committee on Historic Wreck Sites has been abolished, leaving decisions regarding historical wreck sites around Northern Ireland waters uncertain. Other ALBs whose fate is not yet known include the National Lottery (including the Heritage Lottery Fund), Ofcom, Gambling Commission, Horserace Betting Levy Board, Olympic Delivery Authority, Public Lending Right and UK Anti-Doping.

Other areas may be affected indirectly. A number of ALBs have been scrapped by the coalition government which, though ostensibly only directly affecting bodies within England, may impose additional back-office demands on their devolved equivalents. For example, it is not yet clear what the abolition of the UK Film Council and merger of UK Sport and Sport England will have on such activities within Northern Ireland.

There is also the issue that the strategic guidance offered by relatively large bodies such as MLA will be lost to all of those operating throughout the UK, even if their specific geographical remit relates to England alone¹⁹.

Each of the departments is in the process of forming draft funding proposals now which will be discussed by the Executive in September. A summary of the Comprehensive Spending Review process for 2010 is as follows²⁰:

¹⁸ BBC News website. 'Sammy Wilson: Stormont Budget cuts not based on party': <http://www.bbc.co.uk/news/10429181>
Accessed 27.6.10.

¹⁹ Steel, P. 4.8.10. 'Wales, Scotland and Northern Ireland could be left stranded by the end of MLA': *Museums Association*
website: <http://www.museumsassociation.org/news> Accessed 23.8.10.

²⁰ Table derives from a letter from DFP to CAL Committee Clerk, 7.7.10.

Activity	Timing
Guidance issued to departments by DFP in respect of Budget 2010	Mid June
Guidance issued to departments in respect of Savings and Delivery Plans	June
Pre-Consultation exercise with key stakeholders	June – early August
Receipt by DFP of departmental returns – Departments proposed spending plans including linkages to PSAs	30 July 2010
Ministerial bi-laterals	August – early Sept
Departments to provide details on savings and Technical Exercise	26 August
Draft proposals to Executive for consideration	September
2010 Spending Review outcome announced by HMT	October
Draft Budget published alongside draft PFG and ISNI	October
Public Consultation Process on the draft document	October to November
Revised proposals to Finance Minister for consideration	Early December
Revised proposals to Executive for consideration	Mid December
Final Budget document published	Late December

Table 1: Summary of the DCAL CSR process for 2010

2.3 Republic of Ireland

The two departments earmarked for the largest reductions by the McCarthy report were the Department of Arts, Sports and Tourism (DAST), and the Department of Community, Rural and Gaeltacht Affairs (DCRGA). While most departments were recommended to be cut by between five and 12%, the report concluded that DAST should be cut by 19.4% and DCRGA by 31.7%. Such was the extent of the cuts to these two bodies that the report also recommended that any remaining functions within these two areas of government should be re-assigned elsewhere, and the departments abolished.

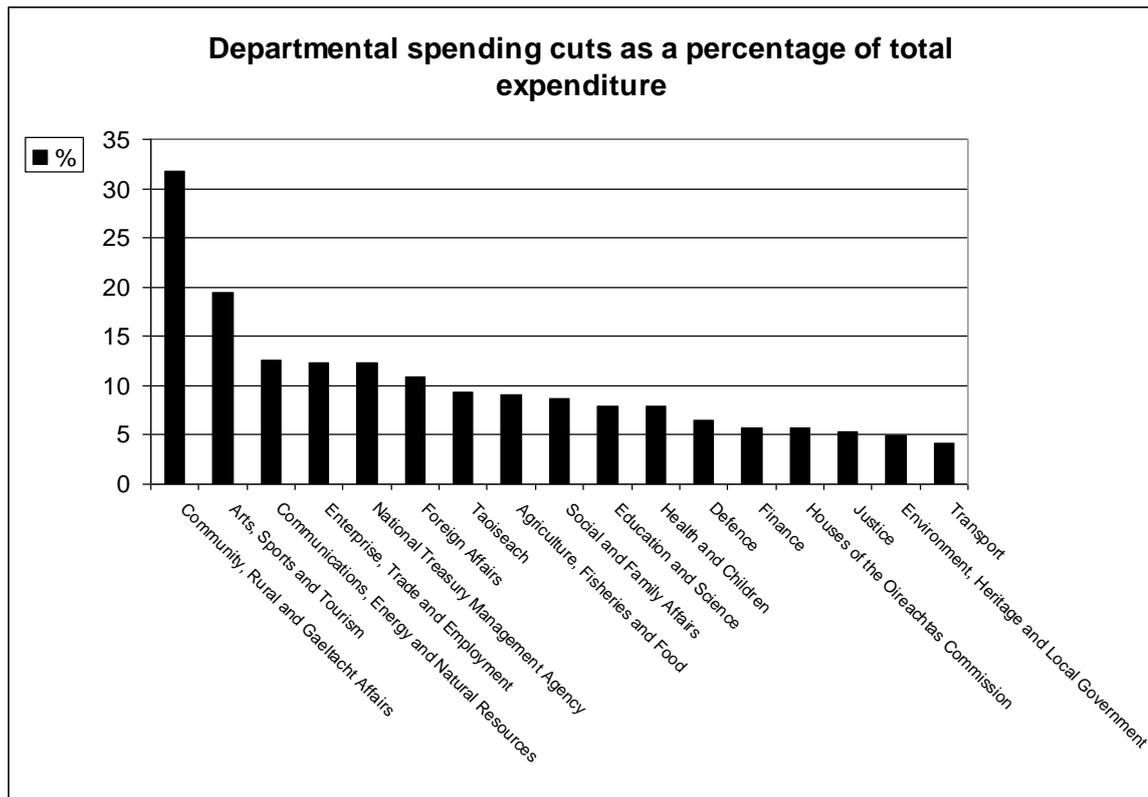


Figure 1: Bar chart showing the funding reductions proposed in the McCarthy report (SOURCE: McCarthy Report 2009)

The McCarthy report recommended that for DAST, 12% of staff (170 in total) be made redundant. The main focus of funding reductions was tourism marketing, the Sports Campus Ireland programme, the Horse and Greyhound Fund and the Arts Council. It was recommended that Culture Ireland be abolished, and that the Irish Film Board should have its functions transferred to a restructured Enterprise Ireland.

The report identifies a total €104.8m savings across the Department of Arts, Sports and Tourism. It was suggested that the tourism allocation should be reduced by €27m per annum and 60 employees. Savings would be divided between a €15m reduction in the allocation to Fáilte Ireland and a €12m reduction in the allocation to the Tourism Marketing fund. It was noted, however, that since the Tourism Marketing Fund is facilitated on a cross-border basis any reductions in allocation would need to be discussed by the North-South Ministerial Council.

The report proposed that a total of €21.7m and 20 employees could be cut from the Sports Programme through a €17.7m reduction in grant to the Sports Council, the discontinuation of Sports Campus Ireland with a saving of €3m, and staff reductions totalling €1m. A €16.4m reduction in the Horse and Greyhound Fund was recommended. The justification for this 25% reduction is that prize funding in the Republic of Ireland is 2.7 times that of the UK while attendances in the UK are four times higher.

Total savings of €37m and 85 staff are recommended across the Arts and Culture Programme. This 22% reduction in savings is proposed across five areas:

- €6.1 million reduction in allocation for the Arts Council
- €5.3 million from the discontinuance of the Cultural Projects allocation
- €4.6 million from the discontinuance Culture Ireland allocation
- €20.3 million (of which €17.3 million is capital expenditure) from the transfer of the Irish Film board to Enterprise Ireland and the discontinuation of the investment fund
- €2 million staff savings from outsourcing across cultural institutions.

The reduction in the Arts Council budget is rationalised by McCarthy along the following lines '*given the size of the country, it is not feasible to provide for a full range of arts activities in every local area*'. The report adds that staff should be reduced in line with this reduction in activity. The report does not make clear where these activities will be phased out.

It was proposed that the Cultural Projects programme be ceased. The report does not provide an extensive explanation of why, rather it states that '*these projects are not affordable given current budgetary constraints*'. The report also proposes to end funding for Culture Ireland. Again, the programme which funded Irish involvement in international arts events is viewed as unviable under current conditions.

McCarthy recommended the discontinuation of the funding of the Irish Film Board. It argues that tax expenditure via the tax incentive scheme (€418 million since 1993) and the level of international competition in the market place prevents further underwriting of the film industry. Rather, the report recommends the promotion and development activities of the Irish Film Board be transferred to a restructured Enterprise Ireland. The previous incarnation of Enterprise Ireland, it is argued, performed similar promotion and development activities in manufacturing, services and tourism sectors.

In addition to the cuts outlined above, the report proposes an additional revenue stream in the form of entry fees at cultural institutions such as the National Gallery. The report notes that '*such fees are common in continental Europe*'. It also recommends that cultural institutions should decide their own fees and concessionary rates. It also suggests that free entry be maintained on some predefined days of the week.

The Department for Community, Rural and Gaeltacht Affairs, which has responsibility for Irish language support, was recommended in the report to be closed altogether and grant programmes significantly scaled back. Savings of €151 million were identified, along with a staff reduction of 23% (196 in total). Under these recommendations, language support would switch to the Department for Education and Science and be reduced by €1m, while allocation of grants would become the responsibility of the Department of the Environment, Heritage and Local Government. It was also

recommended that the requirement under the Official Languages Act 2003 to translate all official publications into Irish should be amended to apply to a more limited range of cases.

It was suggested that other DCRG savings would be found through the permanent discontinuation of the *Gaeltacht Housing Scheme*, and spending reductions in the department's community, rural and drugs programmes. The Gaeltacht and Islands programmes were also proposed to be severely reduced.

Some of the measures recommended in the *McCarthy Report* have been implemented, but many of the options it presents have not yet been taken up. As outlined above, the government has presented three austerity budgets in just over a year, the first two of which focused on taxation rises, with the third unveiling €4 billion of spending cuts in 2010²¹. While there is still a possibility that these future savings will result in the abolition of DAST and DCRGA, there is no sign at present of this happening.

DAST has been renamed as the Department of Tourism, Culture and Sport, and DCRGA has been renamed the Department of Community, Equality and Gaeltacht Affairs. The Museum of Modern Art and the Crawford Gallery in Cork have been merged with the National Gallery, and the National Archives, the Irish Manuscripts Commission and the National Library have also been combined.

The then Arts Minister, Martin Cullen, told a Seanad debate in July that,

'The future arrangements necessary to give effect to the decisions have been considered and discussed with them, as have any issues the directors perceived as needing to be specifically addressed under the various headings, such as legislation, governance, unified management structures, unified support services and resources'.

The renaming of the department has coincided with an emphasis now placed on tourism as a major income generator for the Irish economy. In contrast to the tourism expenditure reductions proposed by the McCarthy report, the Department has recently announced €190 million of investment in tourism infrastructure over the next six years²².

2.4 Scotland

The broad context for the Scottish government's spending plans at present is that discussions are ongoing among both the main political parties and the public about how to react to the *Independent Budget Review*, published on 29 June 2010²³.

²¹ Department of Finance. 'Budget 2010': <http://www.budget.gov.ie/Budgets/2010/2010.aspx>. Accessed 22nd July 2010.

²² DTCS press release. 8.8.10. 'Major investment will renew and refresh tourist attractions': <http://www.tcs.gov.ie/publications/release.asp?ID=100931> Accessed 8.8.10.

²³ Beveridge, CW, McIntosh, N & Wilson, R. 2010. *Independent Budget Review: The Report of Scotland's Independent Budget Review Panel. July 2010*. Edinburgh: Crown Copyright.

The outlook for the Scottish economy is indicated by figures from the Chief Economist of the Scottish government which suggest that a 12.5% (or £3.7 billion) reduction in government spending will be required over the next four year period. The *Independent Budget Review* concluded that redundancies in the public sector are inevitable given the size of the spending 'gap', though it cautioned that capital spending should not be cut too hard as such spending is often a creator of jobs and has the potential to encourage economic growth. It also surmises that for Scotland, departmental budget cuts are likely to be heavily front-loaded, in part due to the pattern of the UK government's deficit reduction plan, but also the Scottish government's decision to defer for a year the 2010-11 spending cuts²⁴.

The review's conclusions, and the options it sets out for the way forward, are currently being debated by political parties in Scotland.

Even before the economic downturn, attempts were being made in Scotland to streamline the public bodies landscape. In 2008, the Scottish government published plans to reduce the total number of public bodies by 25% by 2011²⁵. As a consequence of the government's 'Simplification Programme', the number of public bodies has been reduced from 199 to its current level of 160. This has been achieved through a combination of mergers, abolitions, restructuring and transfer of functions to other existing bodies.

Such actions have affected the cultural sector with, for example, the establishment of Creative Scotland on 1 July 2010 bringing together Scottish Screen and the Scottish Arts Council. Creative Scotland was launched with a budget of £60 million until the end of the current financial year, though there is no certainty of equal or increased funds from the Scottish government after that point. The Creative Scotland Chief Executive has hinted at ambitious plans ahead to increase the levels of non-state funds it receives, such as delegating artists' residencies to another organisation, setting up a funding scheme for a consortium of film makers to draw extra money to Scotland, and negotiating long-term partnerships with the BBC, ITV and Channel Four. He has also stated his intention to move the body away from the traditional model of providing grants, towards that of a promotional and development agency²⁶.

Creative Scotland is currently in the process of reviewing its range of around 50 'core-funded' bodies to assess value-for-money and set out a new strategy. At present, this leaves all of those bodies in a state of uncertainty, and there are fears that the number of core-funded bodies may be cut and funds diverted both to staving off funding cuts, and towards grants schemes for one-off and new projects.

²⁴ Beveridge, CW, McIntosh, N & Wilson, R. 2010. *Independent Budget Review: The Report of Scotland's Independent Budget Review Panel*. July 2010. Edinburgh: Crown Copyright: p26.

²⁵ <http://www.scotland.gov.uk/Topics/Government/public-bodies/simplification-programme>

²⁶ *The Scotsman* newspaper. 23.7.10. 'Lean times ahead but the arts must not be left unfunded'.

Five major culture bodies in Scotland are funded directly by the Scottish government: the National Theatre of Scotland, the Royal Scottish National Orchestra, the Scottish Chamber Orchestra, Scottish Ballet and Scottish Opera. These bodies have been asked to present options for 3%, 7% and 10% spending cuts, and details of how such reductions would specifically affect audiences in each case.

The Scottish Institute of Sport has been merged with SportScotland, though there are concerns about the relationship between this body and UK Sport. DCMS has proposed the merger of UK Sport with Sport England. The *Sunday Herald* reported that DCMS has not yet consulted SportScotland on how these changes may affect them, and that there are concerns that SportScotland may be marginalised in favour of development work south of the border, and especially the 2012 Olympics²⁷.

2.5 Wales

As with Scotland, much remains uncertain until the Comprehensive Spending Review announcement on 20 October. However, some estimates have suggested that the Assembly Government will face a cut of £2 billion in its budget over the next four years²⁸. Funding arrangements for S4C, the Welsh language broadcaster, are not devolved and there is already a sense that they are vulnerable given the speed and extent of funding reductions proposed by the Department for Culture, Media and Sport in July. Though DCMS has not made any official announcements about S4C, some commentators have suggested that it could lose 6% of its £101 million per annum grant for each of the next four years²⁹. It has already lost £2 million after an announcement in May 2010, with this reduction taking immediate effect.

Arts Council Wales (ACW) has undertaken a strategic investment review of its funded bodies, in common with (but somewhat ahead of) its equivalent bodies in Scotland and England. Developments have occurred as a result of this review, with the results announced by Heritage Minister Alun Ffred Jones on 29 June 2010. From 2010-11 onwards, ACW funding will be distributed in a more concentrated manner to fewer bodies. The Minister stated that, 'the central concern was that the historic pattern of revenue funding for just under 100 arts organisations was failing to optimise the contribution to Welsh life and, indeed, to the Welsh economy'³⁰.

It is reported that around 30 organisations will lose their long-term funding as a result of these changes, reducing the overall number of supported bodies to 71. The list of those bodies which will have their funding removed includes The Hay Festival, Llangollen International Music Festival and Theatr Powys. Their annual grants will be removed from April next year³¹.

²⁷ *Sunday Herald* newspaper. 1.8.10. 'Funding agencies unite against merger proposals'.

²⁸ *Western Mail* newspaper. 2.8.10. 'Funding cuts will create 'cultural deserts' in Wales'.

²⁹ *Western Mail* newspaper. 2.8.10. 'Funding cuts will create 'cultural deserts' in Wales'.

³⁰ Alun Ffred Jones, Minister for Heritage. 29.6.10. 'Written – a Review of investments by the Arts Council of Wales'. Welsh Assembly Government website: <http://wales.gov.uk/about/cabinet/cabinetstatements/2010/100629art/?lang=en&ts=1>

³¹ *Western Mail* newspaper. 30.6.10. 'Arts Council to withdraw funding from 32 groups but told it has a fight on its hands'.

Following this review, there has been some reorganisation of the grant budgets awarded by ACW, with a transitional fund of up to £30,000 set aside for bodies whose long-term funding is to be removed to help them to adjust.

3 Concerns expressed

The actual and proposed budget cuts to the culture, arts and sport sector have caused a great deal of unease, and there is uncertainty about the medium to long-term outlook. A recent statement by the Museums, Libraries and Archives Council (MLA) summarises some of the main concerns felt across the sector:

*'The MLA believes that cultural and artistic activities are at the heart of Britain's recovery. Museums, libraries, archives and other places of art and creativity are nourishment for the spirit and encouragement for everyone in times of adversity; these are vital components for tourism, the economy, quality of life, cultural creativity and personal well-being. In the current climate especially, museums, libraries and other cultural services are at significant risk.'*³²

There are a number of more specific concerns, summarised below.

3.1 Increased private sector funding

Concerns have been expressed about the likelihood or effectiveness of the private sector to contribute in sufficient quantities to fill the vacuum left by any sharp reductions in government funding. A group of major philanthropists has written to the UK government to warn that its aspirations for a major growth in private giving cannot bridge the gap left by a collapse in state funding³³. They warn that any policy to switch to an American-style model where arts funding is predominantly from private sources would have to be matched by similar tax incentives. They also point out that private arts investment in the United States has seen a significant drop during the economic downturn³⁴.

UK Culture Secretary, Jeremy Hunt, has stated that,

'...people who have made money are part of the Big Society vision. They have a responsibility to give something back. Philanthropy is not only one of the great privileges for those that can do it but it is also a great pleasure. In America it is normal for people to give serious sums of money to

³² MLA website. 26.7.10. 'MLA pledge a smooth transition':

http://www.mla.gov.uk/news_and_views/press_releases/2010/mla_gov_announcement Accessed 13.8.10.

³³ *Guardian* newspaper. 'Budget cuts would devastate the arts, warn theatre and gallery directors'. 15.7.10.

³⁴ *The Independent* newspaper. 16.7.10. 'We cannot offset arts cuts, say philanthropists'.

*charities they support. We have a few wonderful examples here but I think we can have more.*³⁵

There are currently a number of key differences between the tax incentives system in the UK and the USA which may imply that the UK is not yet equipped for large-scale philanthropy. A report prepared for Arts and Business Northern Ireland in 2008 concluded that though some donors are willing to fund the arts and culture, they do not do so to the same extent as they fund other sectors such as health, education and the environment³⁶. Arts and Business has reported that private investment in the arts in Northern Ireland in 2008-09 was down 24% on the previous year, compared with a 7% reduction across the UK. The region now accounts for just 1% of private sector arts investment across the UK. Some arts leaders have stated that a strong and sustained philanthropic contribution to the arts is only likely in major urban centres, and is unlikely to be successful in rural areas and small towns.

Some have suggested that increased private sector funding will lead to a restriction in the range of arts events supported, as companies only sponsor productions or ventures which they explicitly approve of. Investors may favour support for 'safe' ventures and blockbusters, rather than innovation or risk-taking.

3.2 Social and intangible benefits

A great deal of work has been done in recent years researching and recording the wider social benefits of culture, arts and sport. Concerns have been expressed that, because of the often intangible, non-economic and 'softer' benefits of such activities, their advantages as areas for policy advancement and investment may be missed by government. Sir Andrew Motion, former poet laureate and chair of the Museums, Libraries and Archives Council (MLA), has made the case that before we analyse the economic benefits which culture and the arts bring, they should be regarded as a centrally important public service, and therefore essential to any positive society. He has commented recently that:

'If the Big Society means we aspire to create more civilised places where humanity prevails, and the individual spirit thrives, then artistic and cultural activity is not just indispensable, it must sit at the core, and national and local government must work together in one cause.'

In a recent survey carried out throughout Wales, more than 80% of those asked said that they believed arts and culture made Wales a better place in which to live, and that it was right that they should be supported through public funding³⁷.

³⁵ *The Telegraph* newspaper. 17.7.10. 'Jeremy Hunt: Ministry of Fun is about to get 'very horrible''.

³⁶ Arts & Business website. 'What is the difference between the UK and the USA tax system':

<http://www.artsandbusiness.org.uk/central/philanthropy/the-tax-guide/difference-between-uk-and-usa.aspx> 9.8.10.

³⁷ *Western Mail* newspaper. 28.6.10. 'The arts change and grow and our funding must reflect that'.

Sir Peter Maxwell Davies, Master of the Queen's Music, stated at the St Magnus Festival in Orkney that,

*'Some people may not think it is very important to lose a music teacher or a chamber orchestra compared to essential services such as transport and health, but that is the argument that is in danger of being spun. The arts are an essential service, they are essential to human existence and understanding life in its wider, fuller context and experience.'*³⁸

Concerns have been expressed by the Cultural Learning Alliance that the abolition of the MLA and the UK Film Council may endanger important educational initiatives that these two bodies had created to use museums and films as a stimulating learning resource for schools³⁹.

A number of studies have been carried out in recent years analysing the wider social benefits of participation in culture, arts and sport⁴⁰. These often focus on the ways in which these activities can help create a sense of community identity and empowerment, increase opportunities for personal development and social interaction across traditional cultural divides, provide distractions away from anti-social behaviour, and enhance quality of life and well being.

Some have commented that successful and well-supported culture, arts and sport can also provide a sense of confidence and longevity to communities. In an Oireachtas debate on the funding of the arts⁴¹, Brendan Gleeson stated that,

'In times of recession and flagging spirits, it is especially important to reassert that sense of ourselves, for ourselves. The arts provide that above everything else. We need to communicate that self-belief to the world at large.'

3.3 Long-term impact of funding cuts

Many arts leaders have spoken of a 'tipping point' in funding reductions, beyond which irreparable and long-term damage will be done to the culture and arts infrastructure. Arts Council England, for example, has warned that cuts of 25% over the next four years would mean dropping at least 200 arts organisations out of 880 that they fund, with the potential loss of thousands of jobs. Some have warned that cuts which deeply affect the sector for an extended period brings with it a risk of losing skilled artists, actors and cultural entrepreneurs to other professions, and breaking the 'supply chain'

³⁸ *Sunday Herald*. 27.6.10. 'Artistic Armageddon will see hundreds of musicians facing life on the dole.'

³⁹ Cultural Learning Alliance blog. 20.8.10. 'Policy and practice round-up: review of arms-length bodies, 'free schools', Arts Council Consultation findings, CASE publication, Ed Vaizey and The Big Link Up': <http://www.culturallearningalliance.org.uk/blog> Accessed 23.8.10.

⁴⁰ For example: Ruiz, J. 2004. *A Literature Review of the Evidence Base for Culture, the Arts and Sports Policy*. Research and Economic Unit, Scottish Executive Education Department; Wood, C & Leighton, D. 2010. *Measuring Social Value: The Gap Between Policy and Practice*. Demos; Matarasso, F 1997. *Use or Ornament: The Social Impact of Participation in the Arts*. Comedia.

⁴¹ Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs: 14.10.09.

of young, new entrants. Others warn that a reduction in gallery and museum opening hours and programme cutbacks will diminish the currently growing audience for culture and the arts⁴².

Some have also raised concerns about the long-term care of objects belonging to museums and art galleries, citing the recent sale of paintings by Cornwall Museum as evidence of a trend towards the sale of assets to support running costs⁴³.

3.4 Losses to the economy

An economic case has been made in favour of the 'creative industries' by commentators and stakeholders across the UK and Republic of Ireland. Between 1997 and 2008, the number of jobs in such industries in Great Britain grew by 2%, to 1.97 million, compared to 1% for the whole of the economy over this period⁴⁴. In 2007, a total of £16.6 billion was exported as services by the creative industries, which equated to 4.5% of all goods and services exported⁴⁵.

The Chief Executive of the Arts Council of Northern Ireland, Roisin McDonough, has commented of artists in particular that:

*'I think it's important for people to begin to appreciate the extraordinary value for money that we get from our artists. Artists touch just about every facet of our lives, entertaining and informing us, as well as contributing to our nation's education, health and social and economic regeneration'*⁴⁶.

Arts Council England has stated that for every £1 which they invest through grants, £2 are generated for the UK economy. Other estimates are higher still, with The Sage and Baltic centres in the north-east of England claiming that every £1 of state aid generates £4 for the economy.

In the Republic of Ireland, the contribution made by the creative industries in 2008 was €5.5 billion, approximately 3.5% of the total economy in that year⁴⁷. This compares with an EU-wide figure of just 2.6%. The total tax revenue earned for the Irish exchequer by Arts Council supported projects and organisations alone amounted to €53.7 million in 2008.

These figures suggest that the creative industries in both the UK and Republic of Ireland are particularly economically productive compared with other EU countries.

⁴² Heal, S. 2010. 'Budget cuts undermining gains of the past 15 years'. *Museums Journal*: 110(8): p5.

⁴³ *The Independent* newspaper. 26.7.10 'Don't put a price on our national treasures'. <http://www.independent.co.uk/arts-entertainment/art/features/donrsquot-put-a-price-on-our-national-treasures-2035297.html> Accessed 12.8.10.

⁴⁴ Labour Force Survey, Office for National Statistics – employees and self-employed, main and second job.

⁴⁵ DCMS website. February 2010. 'Creative Industries Economic Estimates - February 2010'. Now archived at: http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/reference_library/publications/6622.aspx Accessed on 10.8.10.

⁴⁶ Arts Council Northern Ireland website. 3.8.10. 'Arts Council Study reveals poor living and working conditions of artists': <http://www.artscouncil-ni.org/news/2010/new03082010b.html> Accessed 12.8.10.

⁴⁷ Indecon International Economic Consultants. 2009. 'Assessment of Economic Impact of the Arts in Ireland: Arts and Culture Scoping Research Project'. The Arts Council.

Some of this income derives from tourism (both domestic and overseas), and strong arguments have been made about the importance of culture, arts and sport to tourism. For the Republic of Ireland, tourism as a whole generated €1.8 billion for the economy in 2007⁴⁸. Of the 3.3 million overseas tourists who visited Ireland in 2008, 47% of these visited a cultural or historical attraction. For Great Britain, an independent study commissioned by Visit Britain concluded that cultural tourism delivers a direct economic contribution of £52 billion in 2007, or 3.7% of GDP. The link between 'indirect' tourism income and culture, arts and sport – that is, the effects of tourism on the wider economic supply chain – is harder to gauge, but an estimate for 2007 suggested that it represented 8.2% of GDP, equivalent to £114 billion⁴⁹. Of this, heritage sites and museums alone generate £12.4 billion for the economy⁵⁰. In spite of the economic downturn, heritage sites showed an increase of 17% in terms of visitor numbers in 2009⁵¹.

For Northern Ireland, Audiences NI has reported that despite the recession, the number of households attending an arts event rose by 7% in 2009, with households on a low income making up 29% of the total. Such attendance generated £16.2 million, an increase of 11% on the previous year⁵². This is in spite of the fact that per capita spending on the arts in Northern Ireland is lower than anywhere else in the UK or the Republic of Ireland⁵³. A recent study commissioned by Arts Council Northern Ireland and An Chomhairle Ealaíon found that among the 1600 professional artists working in Northern Ireland, the average annual earning is just £7,500 a year, and they work an average of 55 hours per week. This is two thirds the average wage across all Northern Ireland workers, and is less than half the €19,048 average wage of artists in the Republic of Ireland.

In contrast to the approach adopted by DCMS, other governments have sought to provide additional funding for culture, arts and sport on the grounds that it is a sector which can generate economic growth. The US government, for example, has opted to invest more heavily in culture and the arts during the recession, and recently announced an increase in funding for the National Endowment for the Arts⁵⁴.

In order to counter the inevitable long-term pressure on funding, a number of bodies have begun to develop and publicise value-for-money arguments. Welsh National Opera (WNO) has commissioned an economic impact study from Professor Dominic Shellard of De Montfort University, using a methodology originally developed for Arts

⁴⁸ Fitzpatrick Associates. 2008. 'Contribution of Tourism to the Irish Economy'. Irish Tourist Industry Confederation.

⁴⁹ Deloitte. 2008. *The Economic Case for the Visitor Economy*. Final Report. London: Deloitte: p1.

⁵⁰ Heritage Lottery Fund & Visit Britain (2010) *Investing in Success: Heritage and the UK tourism economy*. London: Heritage Lottery Fund: p8.

⁵¹ Heritage Lottery Fund & Visit Britain (2010) *Investing in Success: Heritage and the UK tourism economy*. London: Heritage Lottery Fund: p6.

⁵² Audiences Northern Ireland. 2010. *Audience Audit 2009*. Belfast: Arts Council of Northern Ireland.

⁵³ Northern Ireland Assembly Research & Library Services Briefing Note 25/09. 2009. 'Per Capita Spending on the arts in the United Kingdom and the Republic of Ireland'.

⁵⁴ NEA website. 26.7.10. 'NEA receives funding increase in house subcommittee': http://www.artsusa.org/get_involved/advocacy/weekly_headlines/default.asp Accessed 24.8.10.

Council England. The study concludes that the annual impact on the Welsh economy is £22.5 million, five times the amount of WNO's grant from the Arts Council of Wales. A further argument has been made that the ACW grant to WNO leverages a further £7 million of funding from Arts Council England, £3.3 million at the box office, and around £1.3 million in fundraising income. The study also took into account the spending power of WNO's 238 full time employees, the £5 million it spends on goods and services in the local economy, and the £26 average additional spend of each visitor to a production, excluding ticket price.

3.5 Local government funding reductions

Funding cuts are likely to be imposed on culture, arts and sport not just through reduced direct state funding and the grant-making ability of ALBs. Some commentators have pointed out the role played by local government in supporting projects, particularly through the local education system and use of local government facilities. Any cutbacks imposed by the challenges of local government funding may compound funding reductions and a withdrawal of support imposed by central government. Sir Andrew Motion has claimed that,

*'Pressure on local council budgets was probably an even greater threat to the country's cultural and artistic life' than central government reductions...most of the population up and down the country rely on libraries, museums, exhibitions, record offices and performances, funded or part-funded by local government*⁵⁵.

3.6 Over-reliance on tourism?

On 12 August, the Prime Minister made a speech about Britain's tourist industry at the Serpentine Gallery in London. He cited culture, heritage and landscape as key attractions for domestic and overseas tourism, and announced his intention to create a 'strongest possible tourism strategy' by the end of 2010. However, although he sought to encourage arts and tourism professionals, he also made it clear that the intention of boosting tourism is so that it increases tax revenue through the private sector. In doing so, it would seem that the tourism strategy will focus on tax incentives to help fund private businesses, rather than increased funding provision for heritage or arts bodies. There may be some concern that tourism will be relied upon to support culture, arts and sport and that, if this is the case, it may not bring significant economic growth to the UK until the global recession abates and the market develops a number of years ahead.

⁵⁵ Heal, S. 2010. 'Budget cuts undermining gains of the past 15 years'. *Museums Journal*: 110(8): p5.

3.7 Reduced participation in the arts and sport

Some have expressed concerns that cuts in culture, arts and sport funding will have a major social impact, given the numbers of people involved in either a voluntary or professional capacity.

The following is a summary of recent figures produced for participation in the arts, museums and sport in Northern Ireland:

Activity	%
Visited a museum in last year	26% (of 3137 sample)
Attended an arts event in last year	67% (of 3135 sample)
Taken part in sport in last year	45% (of 3138 sample)

Table 2: Summary of data from the 2008-09 Continuous Household Survey

The impact of funding reductions may be felt more widely for culture, arts and sport as the sector has a large volunteering base⁵⁶.

In terms of formal employment, it is estimated that in Northern Ireland there are around 7,600 individuals formally employed in sport⁵⁷, and an estimated 1600 professional artists (which includes a broad definition of 'artist', including visual arts, the performing arts and writers). The culture, arts and sport sector is not generally regarded as a well-paid one, so funding cuts may impact upon a higher proportion of individuals than in other areas.

3.8 Culture versus sport?

Some arts organisations have expressed concerns that funding cuts in the forthcoming CSR compound an already existing switch in funding from the arts to sport ahead of the London 2012 Olympics. Arts Council England, for example, has stated that it has withstood 3.5% cuts already in 2010 as part of the cultural sector's £322 million contribution to the costs of the Olympics⁵⁸.

3.9 Film industry reductions

There has been particularly vehement opposition to the DCMS announcement that it proposes to close the UK Film Council (UKFC) and transfer its functions to the British Film Institute. A number of prominent directors, producers, and actors have written to the Chancellor pointing out the crucial role which UKFC plays in pre-production

⁵⁶ For example: *Museums, Libraries and Archives website*. 'Sector statistics: volunteering numbers': http://www.mla.gov.uk/what/research/sector_statistics Accessed 24.8.10.

⁵⁷ Research & Library Service Briefing Notes. March 2009. 'Sports Related Employment'. Northern Ireland Assembly.

⁵⁸ Arts Council England. 'You can cut us but don't kill us say the UK's cultural leaders'. <http://www.artscouncil.org.uk/news/you-can-cut-us-dont-kill-us-say-uks-cultural-leade/> Accessed 15.7.10.

planning and facilitation work⁵⁹. An independent report published by Oxford Economics and commissioned by UKFC has concluded that the UK film industry is worth £4.3 billion a year in total, and over £1.1 billion to the Exchequer⁶⁰. Overall, it contributes £5 to the economy for every £1 of state subsidy. It also stated that the UK film industry is weathering the recession well, that its long-term trend is one of strong growth and expansion, and that UK films contribute substantially to the cultural life of the country.

Similar opposition has been voiced to plans proposed in the McCarthy report to transfer the Irish Film Board to an 'overall enterprise promotion body'. Particular concerns have been raised about the longevity of the Irish tax incentive regime, and the support structures that the IFB currently provides.

Creative Scotland will, according to some commentators, reduce or cease its funding for major film productions in Scotland as part of its funding review.

4 Recommendations

4.1 Short-term

- In scrutinising any budget cuts and reorganisations of arms-length bodies for culture, arts and sport, the longer term economic impact of any changes should be considered carefully.
- The wider social impacts of any changes should also be properly assessed.
- Are sufficient studies available to allow economic and social assessments to take place?
- Will any particular social groups be disproportionately disadvantaged by budget cuts?
- What mitigation strategies have been put in place? How much support will be given to aid transition arrangements for bodies and individuals affected?

4.2 Medium to long-term

- DCMS has adopted a policy of switching funding for culture, arts and sport away from the state and towards the National Lottery and the private sector. What is the DCAL view of this – is this the correct policy for Northern Ireland in the long-term?
- Any changes within or between arms-length bodies across the UK should continue to be monitored. How will any cuts impact on their devolved equivalents, including those in Northern Ireland?

⁵⁹ *BBC News website*. 'Clint Eastwood writes plea to save UK Film Council': <http://www.bbc.co.uk/news/entertainment-arts-10911948> Accessed 11.8.10.

⁶⁰ Oxford Economics. 2007. *The Economic Impact of the UK Film Industry*.

Annexe 1: Summary of budget cuts and changes in government provision for culture, arts and sport across the UK & RoI**Terms used:**

ACE: Arts Council England

DCMS: Department for Culture, Media and Sport (UK)

DAST: Department of Arts, Sport and Tourism (RoI)

DCRGA: Department of Communities, Rural and Gaeltacht Affairs (RoI)

MLA: Museums, Libraries and Archives Council

	General picture	Culture/arts	Museums/heritage	Sport
UK/England	<ul style="list-style-type: none"> • DCMS budget cut by 4.1% in May 2010 • 25–40% further funding cuts proposed: this could mean a loss of £800 million to the sector • Minister has proposed cutting DCMS core staff by 50% • Policy direction indicates move away from state funding in favour of philanthropy • Increased share of National Lottery income to culture, sport and heritage • Merger of National Lottery Commission and Gambling Commission • Moves to free up competition in local media 	<ul style="list-style-type: none"> • UK Film Council to be abolished • Arts Council England (ACE) have been asked by DCMS to provide forecast of 25-30% cuts over four years • ACE has warned it may have to stop funding 200 of its 850 organisations • ACE may absorb some of Museums, Libraries and Archives Council's functions 	<ul style="list-style-type: none"> • Museums, Libraries and Arts Council (MLA) to be abolished • Abolition of Advisory Committee on Historic Wreck Sites • English Heritage and Heritage Lottery Fund may be merged • National Heritage Memorial Fund under review • Commission for Architecture and the Built Environment under review • Churches Conservation Trust and Visit Britain under review 	<ul style="list-style-type: none"> • UK Sport and Sport England to be merged • DCMS has stated a commitment to the successful delivery of the London 2012 games • Proposed Schools Olympics • Free swimming for under 16s and over 60s stopped
Northern Ireland	<ul style="list-style-type: none"> • Much remains unclear until DCAL provides draft budget and proposed savings; outline budgets to be considered by Executive in Sept 2010. CSR announcement is made on 20 Oct; public consultation to take place Oct/Nov, final publication in 'late Dec' 	<ul style="list-style-type: none"> • Not clear how abolition of UK Film Council impacts on NI Screen • Any reduction in DCRGA funding in RoI may affect North-South Language Board • Wales and Scotland have reviewed the bodies core funded by their Arts Councils – will Arts Council NI do the same? 	<ul style="list-style-type: none"> • Not clear who assumes historic wreck advisory role following abolition of Advisory Committee on Historic Wreck Sites • Will potential merger of English Heritage and Heritage Lottery Fund mean a reduced focus on NI? 	<ul style="list-style-type: none"> • UK Sport and Sport England merger has caused some concern in Scotland – will this move have any impact on Sport NI too?

<p>Scotland</p>	<ul style="list-style-type: none"> • Awaiting CSR announcement on 20 Oct • Departmental cuts likely to be heavily front-loaded • Review of arms-length bodies through 'Simplification Programme' already underway 	<ul style="list-style-type: none"> • Establishment of Creative Scotland (merging Scottish Screen and Scottish Arts Council) • Creative Scotland is reviewing its core-funded bodies, with a view to slimming total number • Five national bodies who are core funded asked for 3%, 7% and 10% funding reduction plans 	<p>/</p>	<ul style="list-style-type: none"> • Scottish Institute of Sport merged with SportScotland. • Not clear how SportScotland affected by merger of UK Sport and Sport England
<p>Wales</p>	<ul style="list-style-type: none"> • Awaiting CSR announcement on 20 Oct 	<ul style="list-style-type: none"> • Arts Council Wales has already completed a review of core-funded bodies : around 30 bodies' funding to be ceased entirely, with a transitional fund offered to help them adjust 	<p>/</p>	<p>/</p>
<p>Republic of Ireland</p>	<ul style="list-style-type: none"> • McCarthy report proposed that DAST budget be cut by 19.4% and DCRGA by 31.7% • Report proposed that both departments be abolished, with grant-making functions assigned elsewhere • In practice, cuts have been far less extensive, though some semi-state body mergers have occurred 	<ul style="list-style-type: none"> • DAST renamed the Department of Tourism, Culture and Sport. • DCRGA renamed the Department of Community, Equality and Gaeltacht Affairs • Museum of Modern Art and the Crawford Gallery in Cork have been merged with the National Gallery • National Archives, the Irish Manuscripts Commission and the National Library 	<p>/</p>	<p>/</p>