

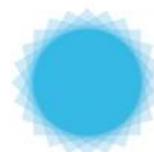
# Achieving Great Art for Everyone: Arts Funding in a Cold Climate

Alan Davey, Chief Executive, Arts Council England (ACE)

November 16-18, 2011  
Whitehorse, Yukon

Canadian Public Arts Funders (CPAF) Annual General Meeting

Speech



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## **Note to the Reader from the CPAF Secretariat**

Please note that the following document was presented at the Canadian Public Arts Funders (CPAF) Annual General Meeting, Future Directions in Public Arts Funding: What Are The Shifts Required?, on November 16-18, 2011, in Whitehorse, Yukon and was intended to serve as information for a discussion on the theme of the meeting.

The views expressed by the author(s) are based on their interpretations from a variety of sources of information and do not necessarily represent all points of view, or the current program structures and policies of the membership of CPAF.

The reader is invited to provide feedback to this report by contacting Melanie Yugo, Partnership and Networks Officer, CPAF Secretariat, at [melanie.yugo@canadacouncil.ca](mailto:melanie.yugo@canadacouncil.ca) or 1 800 263 5588 ext 5144.

March 2012

## **Achieving great art for everyone**

### **Arts funding in a cold climate**

Alan Davey

*Speech to Canadian Public Arts Funders Network*

Whitehorse, Yukon Territory

16 November 2011

Visiting the Yukon, with its rich cultural heritage, is something I've longed to do, so thank you to CPAF for asking me today and for giving me the chance to come and talk about some of the things we are doing in England – which we might term 'Arts Funding in a Cold Climate' – something you are used to here I guess.

When I came here three years ago Bob said that the Canada Council looked to the Arts Council as a kind of grandparent – one that at the time looked like it was a grandparent going off the rails. Well, I don't know about grandparents or grandchildren, but what I do know is that the Canada Council and the Arts Council have a closeness in their mission that does make for a special relationship, and that we have a great deal to learn from each other. When I come to Canada or see your work I always return to England full of ideas and admiration for what you are doing.

Bob knows a few of my guilty secrets – these include a personal discovery on my first visit to the Art Gallery of Ontario of the Group of Seven painters – delightfully on tour at an exhibition at the Dulwich Picture gallery in London; an increasing love of contemporary Canadian fiction - Joseph Boyden being someone whose work I took back with me from my last visit to Canada; and lastly a love of Canadian Americana music, having written two articles on the Toronto music scene for the e-zine 'The Line of Best Fit'. I feel at home here and have an admiration and empathy for what you do.

In the current cold financial climate, it's more important than ever that we build strong links between arts funders across the world. In my role as Chair of the International Federation of Arts Council and Cultural Agencies I've seen first hand how we are all grappling with the same challenges, reaching for the same opportunities and re-imagining our role in a continually shifting environment.

The work of our greatest artists crosses national boundaries and embraces global collaboration. As those that support this work we must hold the same ambitions; to have the courage and the confidence to embrace new international perspectives about how we create the conditions for the arts to thrive and for audiences to benefit from what we make happen.

## **Arts Council England**

In the three years since I last spoke to this conference in Moncton, New Brunswick, Arts Council England has undergone a period of almost constant change. Some of this change has been imposed upon us by the fast changing political, economic and funding environment. Much of it though has been down to a self-imposed and concerted effort to meet the challenges we face head on, as we continually look to improve how we invest in and develop the arts.

Today I'd like to talk to you about how we've managed this change and how we are looking to the future.

## **History**

Nothing that is of concern to us today hasn't been of concern to us in the past.

Founded by the economist John Maynard Keynes in 1946, the Arts Council's Royal Charter set out its responsibility to develop and improve the knowledge, understanding and practice of the arts, and to increase accessibility of the arts to the public.

Keynes wanted to further the work of the Council of Encouragement of Music and the Arts which, to quote Keynes, “when our spirits were at a low ebb (during the second world war)...carried music, drama, and pictures to places which otherwise would have been cut off from the masterpieces of happier times”.

Keynes was adamant the arts should play just as important a role in peacetime as they had during the war, that they should be central the rebuilding of a nation still recovering from six years of conflict. And rather than simply protecting and granting access to the masterpieces of history, the Arts Council should create the conditions for great art to be made that could both reflect, further and promote our country’s national culture. In Keynes’ own words, the task of the Arts Council was to “give courage, confidence and opportunity” to both artists and to the nation.

Sadly Keynes died shortly before the Arts Council’s Royal Charter was officially ratified, but the legacy of his work remains. Alongside the founding principles set out in the Royal Charter, Keynes also enshrined the well-known, and often quoted, ‘arms-length’ principle - something I know the Canada Council has been part of preserving over the years. This principle meant that while the Arts Council would ultimately be responsible to Parliament and financed by the Treasury, it would remain independent of government and its policies and its funding decisions would not be subject to the direction of Ministers. This principle was a defence against the state-supported and politically censored art found in Nazi Germany. It enshrined artistic freedom and allowed decisions to be made on artistic merit rather than reflecting the whims of the government of the day. As Keynes put it – “The arts owe no vow of obedience”.

For us this principle has been tested over the years, with a former Arts Council Chair probably putting it best when he said that at times the arm has been reduced to Venus de Milo length. But the important thing is that the arms-length agreement, alongside the other founding principles set out in our

Royal Charter, has survived the test of time. That despite numerous changes to the Arts Council's structure, personnel and funding over the last 65 years, and the constant shifts in the landscape in which the arts operate, these founding principles of giving courage, confidence and opportunity while remaining at arms-length from government have provided a constant guide for how the organisation should be working.

Keynes may not have lived long enough to see his vision for the arts in England materialize but he did provide the Arts Council with its first vindication that if ideas and principles were bold enough, and good enough, they could be invaluable in steering an organisation through a constantly changing environment.

## **2007**

Move on just over 60 years to 2007, when I was appointed as Chief Executive, and the Arts Council is a very different organisation to the one set up by Keynes. The Royal Charter and arms-length principle of course still remain but rather than funding 15 organisations, it now funds 880. Rather than distributing £183,000 of government funding, the annual budget for the organisation is now £529 million. The introduction of the National Lottery in 1992 created a new wave of investment in the arts, heralding in an era of bold new arts buildings which have transformed towns and cities across the country.

It is four years since 10 Regional Arts Boards, each tasked with developing the arts in their area and which had been abolished and reborn over the years, merged to form Arts Council England - the national development agency for the arts.

Following a significant increase in its settlement from government - £100m over three years, the Arts Council has just undertaken its triennial review of the organisations it regularly funds, deciding to fund 'fewer, better', meaning 185 will no longer receive funding. This decision has caused something of a

furore, provoking a hostile response from artists, arts organisations and the media that left has the Arts Council battling for its reputation.

Actors passed a vote of no confidence. A report commissioned on the investment process by former National Theatre and Royal Opera House Director Baroness McIntosh criticized the organisation's lack of artistic expertise and its failure to develop clear, consistent criteria for its decision making process.

Much of what the Arts Council has done since 2007 has been down to our determination to learn the lessons of this period and to turn into a new organisation. We wanted to use this experience to bring about a fundamental shift in how we work with arts organisations, to ensure we had the knowledge and expertise in place to make expert funding decisions, and to provide a clear rationale for the difficult choices we make.

What we did first was look at ourselves – taking 15% out of our own costs and putting it into the Arts budget – hard but important. Behind it was the continuing existence of regional offices – but with local realization of national policies rather than a mosaic of differences, and looking across art forms nationally to begin to get a sense of where weaknesses lay.

We brought about a new form of self evaluation for organisations, simplified our monitoring, involved organisations in our policy making.

Most importantly we introduced artistic assessment – creating a national cohort of peer assessors who regularly formed a view of the quality of organisations' work. These assessors didn't make funding decisions, but they contributed to the decisions that national and regional councils would make in the future, giving us a view of artistic strengths and weaknesses. So not a return to the old panels, who had become regarded rightly or wrongly as a closed shop, but a new community of criticism and discourse to challenge the standard of work being produced.

## **Developing Achieving great art for everyone**

But the main thing we set about was to say, that whatever money we had to give out next time, we would have a clear intellectual framework, developed with the sector, which said what our aims were and against which we would make decisions. Rather than creating a short term, easy to discard plan, we wanted an ambitious long-term vision, one that would see us through the hard times ahead –the clouds of financial instability were gathering.

The first stage of this process was to set about analysing the current state of the arts. This had begun with the Arts Debate, a large-scale public discussion which concluded in 2008 on the value of the arts in England. The debate collected over 1,500 individual and organisational perspectives on why the arts matter, on excellence and innovation, and on challenges and opportunities facing the arts in the coming years. Alongside a comprehensive literature review and numerous conversations with arts organisations, we used the findings of this debate to come up with five goals we wanted to achieve over the next 10 years. We needed the goals to be comprehensive and ambitious enough so that if the Arts Council achieved them we would achieve our mission of *Great art for everyone*.

Once we had the five goals we felt represented the ambitions of the Arts Council, the next stage was to test them. We wanted to create a vision that not only reflected the mission of the Arts Council but was also shared by all those involved in the arts in England. So, in one of the biggest consultations in the Arts Council's history, we asked them what they thought.

The consultation we launched was completely open – anyone with any interest or stake in the arts in England could let us know their opinions of the goals and priorities we were proposing. We had a fantastic response with more than 2,500 people taking part. Every single one of those responses was read, analysed and taken into consideration as we continued to develop our 10 year vision.

This process was about recognising that the Arts Council could not achieve its mission without working alongside the artistic and cultural organisations that make the arts in England so marvellous. We needed them to help shape our vision for the future. It would mean that vision wouldn't belong to the Arts Council, it would belong to the arts.

And from all that listening, a very clear message emerged. Just as the Arts Council tries to push the organisations it funds to be the best they can be, the arts it seemed were pushing the Arts Council to be even bolder and more ambitious in our aims. Though there was broad agreement from respondents that the Arts Council understood the challenges and opportunities ahead, they challenged us to aspire to even greater things and be even more clear and specific about what success over 10 years would look like. Don't bury your heads under the duvet – be bold and aspire for the arts to progress.

This striving for greater ambition and innovation was all the more extraordinary given the political and economic landscape in which the consultation took place. As with many countries around the world England was suffering the effects of the global economic downturn and had slipped into recession. The country's financial state meant that cuts to public spending loomed on the horizon - with a reduction in the arts budget, if not inevitable, then certainly probable.

In many ways though, the continuing ambitions for the arts in spite of such a hostile external environment wasn't a surprise at all. What makes the arts in England so great is the kind of restless innovation that refuses to accept that good enough will do. The best art is created when risks are taken, when artists strive for the unreachable to achieve something new and unique. As funders we needed to embrace this innovation too, so we create the conditions for art to keep moving, to keep innovating and to keep being extraordinary.

Fundraising was getting harder – corporate and personal – as the economy in the UK took a nosedive. We instituted a two year £40 million programme

called Sustain to keep excellence and ambition alive during this period – so that the artistic offer did not become boring.

In 2010, when we eventually published *Achieving great art for everyone*, the arts in our country were thriving. Producing theatres were creating challenging work that was resonating with ever increasing audiences. Our symphony orchestras were pushing the boundaries of classical music. And ambitious new galleries across the country were far exceeding expected audience numbers. The arts in England were working.

We wanted to keep this golden age alive but we knew it would be a challenge. We would have less money to invest, both nationally and locally, and tough decisions would have to be made if we were to maintain England's fragile arts ecology. It was all the more important then that we had a clear long-term vision in place. Not short-term fixes or make-dos, but a vision that looked to support artistic aspiration through the current austerity and into better economic times. We needed to clearly articulate what artists and audiences should expect from us, what they wanted us to be, and how the work we did and the decisions we made were contributing to a greater shared mission.

Questions were certainly asked about the wisdom of developing a 10 year vision in such uncertain circumstances; when the effect of the recession and even the Arts Council's own budget were unknown. But in our view this uncertainty made the need to articulate an ambitious, long-term vision even more vital.

As Keynes showed, long-term ideas could transcend short-term events. But they had to be good ideas, and we had to mean them.

## **Money**

As we were reaching the end of our consultation we got a new government; one committed to an instant austerity budget. Health and International Development would be protected, but all other budgets were subject to cuts.

We got a 4% in year cut – which, by cutting back on discretionary budgets and use of some previously blocked reserves, we kept to a 0.5% cut to arts organisations.

But we knew more was to come – our campaign for culture was ‘Cut us but don’t kill us’ – recognizing that when hospitals and child protection services were being cut it was unrealistic for the arts to say don’t cut us at all.

When we got our numbers it was bad – 30% in real terms off our Government Grant over four years - about 22% in cash terms. So at the end of four years our budget would reduce from £450 million a year to £349 million. Separately the Government did help us by changing shares in the National Lottery so that we are estimated to get an extra £20 million this year, and an extra £40 million in future years, which together with the end of our £30 million a year contribution to the Olympics means we get about £70 million additional funding against a cut of £100m.

We did better than some – Heritage were cut by 34% despite having been on level cash for 14 years, sport were cut by 32% and told to merge with another body; some bodies, such as the Museums, Libraries and Archives Council, were abolished.

But it was hard. Alongside the cuts, all culture bodies were told to cut their administration by 50%. We argued that to avoid careless decimation of the arts sector, we needed to be fully operational in that period, so unlike other bodies we have been given until 2014 before the cuts to have to bite. But it’s still a challenge.

We took the decision to have a year zero:

We would give everyone currently getting funding a 6.9% cut in year one;

We would make our regular funded bodies then apply for funding for the last three years, in competition with other bodies we didn’t fund;

We would limit the cut to the budget for regular funding to 15% by use of Lottery money to fund other activity. The framework we had developed with the arts sector would form the blueprint for how we would distribute this money, with our other criteria for assessment published on the same day.

We would have a two stage process: assessment in the regions judging whether an organisation should be funded and at what level. Applications were then moderated nationally, ensuring we had the networks of provision in the right places doing the right things. At this stage bodies who had submitted good applications may not be able to be funded – this was the judgment we had to make.

Organisations had eight weeks to apply; in six weeks we would let them know the result, so that those who lost funding would have a year to get used to it.

### **Achieving great art for everyone**

So in November 2010 we published *Achieving great art for everyone*, our 10 year strategic framework for the arts, our funding criteria and what the cuts would mean for the arts. In the face of adversity we set out our ambition – we've been cut, but we are not dead yet.

I was quite clear about this – we still had a lot of money to spend, and we'd spend it well – we'd be open, transparent and all decisions would reflect our ambitions.

The document set out our vision for the arts in 2021: a vision of England as a world-leading creative and cultural nation renowned for artistic excellence; a vision of the arts at the heart of our civil society - valued by local communities and contributing to the nation's reputation and prosperity; a vision of artists and arts organisations responding to technological and environmental change and creating a sense that outstanding art belonged to everyone, offering unique and unforgettable experiences to all.

This vision was divided into five long-term goals. Goals that if we achieved them over 10 years would mean we had achieved our overall aim.

The first of these goals, **Talent and artistic excellence are thriving and celebrated**, is absolutely central to all our work. Artistic excellence is of course subjective, and is therefore something that is notoriously difficult to both define and assess. We cannot expect excellence at all times and from all artists, but what we can do is insist on an aspiration towards it, and create the conditions in which it can thrive.

Excellence doesn't just happen, it requires effort on the part of the artist and effort on the part of those who support them. As funders we need to support artistic risk and stand by the artists that take those risks. We need to back them when they have brilliant ideas, and allow them, at times, to fail.

Artists need to feel they are being supported, and to be given the time and the space to innovate and push themselves to fulfil their potential to make the work the best it can be. We need to nurture new talent from the earliest possible stage, making sure we have a coherent nationwide approach to developing this talent, supporting strong arts organisations, networks and spaces.

Diversity is an important part of this, because we recognise that opening opportunity to all drives development and innovation, and that better art is created when new voices are given the chance to express themselves. It's what we call the Creative case for diversity.

And when great work is created, we need to champion it. To promote and celebrate the achievements of our great artists and companies both nationally and internationally, and increase the public's appreciation and enjoyment of excellent art.

This increase in the public's appreciation leads to our next goal, **More people experience and are inspired by the arts.**

The Arts Council is clear that the arts enrich people's lives and that everyone has the right to benefit from public funding of the arts. We know excellent work is being created all over England and that more people than ever are engaging with the arts. But we want to do more, and we're steadfast in our belief that the arts could be attracting even bigger audiences and reaching even more people.

That's why we want our arts organisations to have an even stronger focus on building in audiences and becoming central to the communities they serve. As I'm sure is true in Canada, there are areas of England with historically low engagement in the arts. Our aim is to tackle this, to ensure that people, wherever they live and whatever their background, have access to excellent art. Touring will play an important role in this and we're looking for the organisations we fund to be instrumental in getting work to areas which have less access to the arts. Digital technology will be key too, as we look to explore the potential for digital distribution to revolutionise how art is distributed and consumed.

We're determined to break down the barriers – both economic and social – that stop people accessing the arts. We believe audiences deserve the best and deserve not to be patronised by our making assumptions about their ambitions for themselves. This isn't about forcing the arts on people, it's about equipping people with the knowledge and the confidence to make an informed choice about how they want to engage with culture. Great art for everyone – no-one excluded from opportunity.

Our third goal, **The arts are sustainable, resilient and innovative**, is about ensuring arts organisations in England develop sustainable ways of working that can withstand whatever external pressures are put upon them.

This goal to make the arts more resilient is of course even more challenging in the context of recent reductions in public funding for the arts. But these reductions make it more important than ever that organisations attract funding from a diverse range of sources.

The arts in England currently operate using a mixed economy model, with the average Arts Council funded organisation receiving a third of its income from the public purse, and the rest from box office and private and corporate sources. It's a complex mix of public and private money but it works. It ensures entrepreneurialism is at the heart of the arts economy with public money working hard to attract private investment.

Our system works in a similar way to funding here in Canada but we currently lack the incentives you have for encouraging individual giving and building endowments. We want to help our arts organisations take full advantage of private investment, bringing about both a shift in the culture of giving and the culture of asking. Tax reform has a role to play in this but we also want to equip organisations with the capacity and skills to attract more private giving so our unique public-private partnership continues to deliver world class art.

But sustainability involves more than just economics and we also want to enable the arts to become sustainable in every sense – with organisations adopting innovative new partnerships and business models, and reducing their carbon footprint.

Our fourth goal, that **the arts leadership and workforce are diverse and highly skilled**, links to this push for greater resilience and innovation. We want to open up employment opportunities in the arts to all – because we believe that just as art benefits from new ideas and perspectives, so too do arts organisations whose workforces reflect our diverse society.

We want to create a diverse and highly skilled arts workforce for the future, whose strong leadership understands and reflects the values of the

communities they serve, and whose leaders to play an active role in England's civil and national life.

Our fifth and final goal will contribute to creating that future leadership as we aim to ensure **Every child and young person has the opportunity to experience the richness of the arts.**

The arts fuel children's curiosity and critical capacity. They are every child's birthright. It is vital that children engage with the arts early in their lives.

We want to work with partners and government to make the case that the arts are a necessary part of any school's curriculum. That they are a necessity for a country which is more and more reliant on its ability to think creatively – in finding engineering and medical solutions, in research, and in design as well as in supporting England's burgeoning creative industries.

And we want to make sure children and young people continue to fall in love with the arts so we create the audiences and artists of the future.

### **Using Achieving great art for everyone**

So these are our five goals. But these goals mean nothing unless they are understood, embraced and used. Throughout England, and indeed throughout the world, there are great archives where rows of dusty shelves creak under the weight of long forgotten publications that, to be honest, had little impact. Keynes principles for the how the arts should be funded in England would not have had such an impact if they hadn't been enshrined, respected and acted upon. We needed to make this document matter.

Realising our vision would mean changes in the way the Arts Council worked, but it would also involve changes to arts organisations themselves. It would require us to form partnerships with a sense of shared purpose and joint ambition. With the arts sector so involved in the development of the

framework we felt confident we could do this, but we had to show how central this vision was to the Arts Council's work.

That's why we put the framework at the heart of our new system of providing regular funding for arts organisations. Remember, this was the first time in the Arts Council's history we used an open application process to decide this funding. To apply to the programme organisations were asked to illustrate how, in return for our funding, they would contribute to two or more of our 10-year goals. We were very clear that rather than debilitating the arts with across the board cuts, we would fund organisations at a level at which ambition could still thrive. That meant some organisations would receive less funding, some more, some would no longer receive funding and some would be funded for the first time.

As with the consultation process we had a huge response, with 1,333 organisations applying to be part of what we had named our new National Portfolio. All these applications were assessed against their ability to contribute to our goals, with decisions made against published criteria that directly referenced our 10 year framework for the arts.

Our framework was absolutely invaluable in making these crucial and difficult decisions – providing us with a guide and a context to create a portfolio of organisations we felt could take significant steps towards achieving our 10-year goals. And, despite only being able to fund 696 of the 1,333 applications we received, we avoided the controversies and conflicts of 2007.

We were heartened by the way our decisions were received, and found that, although not everyone agreed with every decision we made, there was a respect for the thoroughness and the transparency of the process we used. *Achieving great art for everyone* was crucial in this, giving organisations clear and coherent criteria that they could apply and be assessed against. And though I'm sure the process was at times agonising for them, as it was for us, many organisations have said they appreciated the opportunity to think about their aims and ambitions in the longer term.

This new process saw a shift in the relationship between the Arts Council and the arts organisations we fund, as we asked them to take responsibility for work that contributed to our goals but fell outside of their usual operations.

This kind of partnership working is going to be increasingly important as we seek ways arts organisations can overcome a perfect storm of cuts from central government, cuts from local government and an extremely difficult environment in which to attract private giving. That's why we're continuing to encourage partnerships of all shapes and sizes to form and flourish, so we can meet these challenges head on.

We're looking to create a kind of civic revolution in the arts in England, with organisations that have established themselves as innovative and successful businesses providing knowledge, advice and skills to those still finding their way. We believe these kind of partnerships, forged in testing times, could lead the way to a more sustainable, more resilient and brighter long-term future for the arts in England.

At the Arts Council we're trying to lead the way in this new, more collaborative approach, as we look to reach out to a broad coalition of public, private and community organisations that we feel can help us achieve our goals.

One such collaboration is our recent partnership with the BBC Academy to run a series of seminars for arts organisation to help them create the kind of high quality digital content that will increase their national and international audience. This partnership has already evolved, and on Monday we announced a new project called The Space, which will create a new national arts channel showcasing the best the arts in England have to offer across the internet, television and a wide range of mobile devices. We're really excited about the potential for the project to reach significant new audiences for the arts.

The investment we're making The Space is one of the ways the Arts Council is using what we call Strategic funding to achieve our long-term goals. These funds, which largely come from our National Lottery income, are concentrated on targeting key areas and seizing opportunities that will help us achieve our vision. We'll be investing in areas including capital projects that help organisation become more sustainable and resilient businesses; in a scheme to help organisations increase their fundraising potential and attract significantly more income; and a touring programme to encourage collaboration between organisations so they reach places with little or no access to the arts.

All these schemes are open application and share a common process; organisations that apply must show how their work will contribute to the goals and priorities set out in *Achieving great art for everyone*. The framework gives us a clear rationale for all our investment. An intellectual basis for all our decisions.

### **Expansion and contraction**

Since the publication of *Achieving great art for everyone* in March the Arts Council itself has already undergone significant change, with the government announcing at the end of last year that we would be assuming responsibilities for the development of museums and libraries.

These new responsibilities are both an opportunity and a challenge, giving us the chance to look again at how all areas of our cultural life can work together. Rather than treating museums and libraries as an add-on to our work, we wanted to put them at the heart of our mission, creating a unified vision for arts and culture in England.

To do this we undertook a review of the goals set out in *Achieving great art for everyone*, looking at how we could adjust our mission to embrace these new responsibilities. We wanted to see how the long-term goals we set out for the arts could be modified to guide our work with museums and libraries.

The framework served us well, showing us the areas that clearly united the arts, museums and libraries; these included our commitment to excellence and our work with young people to develop future cultural engagement. We used our goals as a starting point for conversations with museums and libraries about how we could represent them and reflect our collective aims. We published this as *Culture, Knowledge and Understanding: great museums and libraries for everyone*, and it will act as a framework for what we will do.

We're now taking a very similar approach to funding museums as we used to fund the arts, using the goals we adapted to represent their aims as the basis for the decisions we make. There's still work to be done but we hope that by creating consistency and transparency across all the areas we represent, we will create the conditions for all areas of our cultural life to prosper.

This constantly changing environment looks likely to continue as the Arts Council looks for ways it can meet the government's requirement to reduce the amount we spend on our own running costs by 50%. This is a hugely challenging target and both the Arts Council and arts organisations are concerned about how we can continue to fulfil our obligations. We're only just beginning to study how we could operate with such a reduction but whatever change occurs, on whatever scale, it won't affect our vision for the arts. We will continue to look to the horizon as we work to create the conditions for talent, ambition and innovation to go from strength to strength.

Next year will give us a chance to showcase this talent as the eyes of the world fall on London for the 2012 Olympic Games. This is a huge opportunity for the arts in England, giving us the chance to celebrate the best of our culture on the global stage and we're determined to take real creative advantage.

## Conclusion

So, overall, we've lost some money, gained some more, and expanded our remit. Not something I would have predicted a year ago, but really born of the way in which we didn't give in, the way we were clear and firm about our ambition, and how alongside the arts we did not say die.

In many ways it's early days for our framework but our vision has already survived funding reductions, investment decisions and the assumption of significant new responsibilities. No doubt it will be tested further as we continue to navigate through an uncertain world, but we're confident that by knowing the direction in which the arts should be heading we can overcome whatever challenges we face.

So what does the future hold?

Well, whatever happens we'll be smaller. We need regional presence and national coherence, and we need to get arts organisations behaving as good citizens in return for public money.

We need to become more permeable, open sourcing how we develop our policies and inviting people in to help us.

Technology will be a challenge and an opportunity – giving us the possibility of reaching audiences in new ways, of presenting art in new ways.

We need to get our organisations better at attracting other sources of funding, and we've developed a lottery funded programme called Catalyst, a bit like your ArtsVest scheme, to help organisations of all sizes attract more from private giving.

And just as Keynes' ambitious principles have served the arts through recessions, wars and instability, we are determined that the best way to counter what we hope are short-term problems is with long-term vision.

In the Arts Council's first annual report in 1945 there is a quote from Keynes. It still resonates today:

“The day is not far off when the Economic Problem will take the back seat where it belongs, and the arena of the heart and head will be occupied, or reoccupied, by our real problems – the problems of life and of human relations, of creation and behaviour and religion.”

The arts are too important for us to reduce ourselves to short sighted expediency. Great artists refuse to allow their ambition and their vision to be tempered by external circumstances, as funders we let them down if we don't do the same.

The first casualty of uncertainty should never be aspiration. What we are all about in the arts at the moment is courage – the courage to be ambitious, not to give in.

That's the essence of how we'll do things.

Thank you.