



Cyngor Celfyddydau Cymru
Arts Council of Wales

13 May 2015

Mr Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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Dear Mr Millar

Public Accounts Committee: Scrutiny of Accounts 2013/14

Thank you for your invitation to respond to the Committee's report on the *Scrutiny of Accounts 2013/14*.

We welcomed the opportunity to meet with the Committee. The Committee was, of course, robust and forensic in its scrutiny. But it was also insightful. Committee members' questioning brought a fresh perspective to topics which to us seem straightforward and familiar. It was a timely reminder that we should make no such assumptions.

One of the objectives highlighted in your Foreword to the Committee's report is to "make reporting more transparent". This is also reflected in recommendation 9. We accept the challenge and will re-double our efforts in this regard.

The other eight recommendations in your report are focused on the activities of our peers. However, I wanted to reflect on the points raised in relation to value for money for taxpayers.

It's absolutely right that public bodies should be able to provide clear and persuasive evidence of the value that they provide – as a taxpayer funded organisation we're very aware that we operate, ultimately, with the public's consent. We're therefore fully committed to ensuring that our activities are engaging, relevant and effectively managed.

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We spend a lot of time considering the value for money of our activities. Within the arts this raises some particular issues. We can readily provide myriad data and statistics on everything from the extent and the reach of our activities, to the financial leverage achieved through our investment, to benchmark comparisons with other similar activities. But measuring the impact (or the quality) of that activity is more challenging and contested.

For us, encouraging as many people as possible to enjoy and take part in the arts is fundamental to our work. But in persuading people to engage with the arts, it's essential that what they experience is well-crafted and of quality. Poor quality work is easily identified and self-evidently represents poor value for money. But the experience of attending or participating in a good quality event leaves people inspired, excited and invigorated.

However, how precisely might one 'measure' the value of this? This is especially the case with some of the activity we nurture and support, particularly where some of the benefits may well be seen elsewhere in the public sector. Examples would include our arts in health projects and funded work that has helped keep "at risk" young people out of the judicial system. The opportunity cost saving of initiatives such as these has a real value, but it is difficult to predict and define. But what we do know is that is that when budget cuts force reductions in this sort of activity, there's a very real risk that the result will be seen in added pressures on the public purse as a whole.

Whilst the value of such things is difficult to quantify, we're fully committed to finding convincing ways of explaining the outcomes as well as the outputs of our work. Our time with the Committee reminded us that we must have compelling arguments at our disposal, especially when budgets are reducing and comparative judgements have to be made about the allocation of scarce public funds.

One of the key chapters in the Committee's report (chapter 4) examines the Commissioners' relationship with the Welsh Government. This is very specific and particular in type. However, there are some similarities in the relationship between the Arts Council and the Welsh Government.

Constitutionally we're a complex organisation – a Royal Charter body, a registered charity, a Lottery distributor and a WGSB. As with all of the UK's Arts Councils, we operate under the protocol of the "arm's length principle". This is designed to ensure that if necessary our charitable responsibility to speak up on behalf of the arts is unimpeded.



In practice, this is an arrangement that appears to work well. Our status as an independent body needs to respect the Welsh Government's proper need to express a clear view of how it expects to see public money invested. What Council can contribute is the authenticity, knowledge and experience that an arm's length body can offer.

Chapter 4 of the report refers to the challenges of longer-term financial planning. These, again, would apply with equal relevance to the Arts Council.

The Arts Council provides revenue funding to 69 organisations, many of whom plan their programmes and contract artists some years in advance. Annual funding introduces an unhelpful note of uncertainty, as, of course, does the prospect of in-year cuts to funding. Our sponsor department at Welsh Government is understanding of the issues. Any mechanism that would allow us to be able to plan over a three-year period would be enormously helpful and widely applauded across the arts sector.

My final observation refers to the format of our Accounts and Annual Report.

We entirely accept the Committee's encouragement to make our accounts more accessible to the public. Whilst the format of these is largely prescribed given our charitable status, we're making a number of changes that we hope will go some way towards achieving that goal.

Yours sincerely
Nick Capaldi

Nick Capaldi
Chief Executive

