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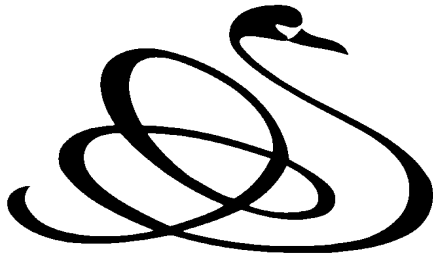
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**LOCAL GOVERNMENT ASSOCIATION**

**THE IMPACT OF SPENDING REVIEW 2004 ON LOCAL  
AUTHORITY SPENDING ON CULTURAL SERVICES**

**FINAL REPORT  
December 2005**

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**York Consulting**

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**Dated: 31 October 2005 .....**

**LOCAL GOVERNMENT ASSOCIATION**

**THE IMPACT OF SPENDING REVIEW 2004 ON LOCAL  
AUTHORITY SPENDING ON CULTURAL SERVICES  
- FINDINGS FROM THE SURVEY OF LOCAL AUTHORITIES**

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## 1 INTRODUCTION

### Background

- 1.1 The Local Government Association (LGA) commissioned York Consulting Limited (YCL) to carry out a survey of local authorities in order to inform their policy work on the impact of the Spending Review 2004 on local authority cultural services, and to help shape their approach to Spending Review 2007. This report presents the key findings from the survey.
- 1.2 Anecdotal evidence has suggested that spending on cultural services is being squeezed, and that the cumulative effects of Spending Round 2004 and previous spending rounds have contributed to this effect. The LGA is particularly interested in understanding how the below inflationary increase for the Environmental, Protective and Cultural Services (EPCS) block in 2004 has impacted on local authorities' approaches to the delivery of cultural services.
- 1.3 The purposes of the project were to:
  - seek the views of local authorities about the implications of Spending Review 2004 in terms of their 2005/06 budget for cultural services – to identify whether local authority spending on cultural services had increased or decreased following the 2004 settlement;
  - assess the way the Spending Review 2004 settlement has affected the ability of local authorities to draw in additional funding for cultural services in their areas;
  - seek the views of local authorities about future spending pressures for cultural services following the allocations in Spending Review 2004, in order to help shape thinking for the LGA submission to Spending Review 2007;
  - seek the views of local authorities about their relationships with other local, regional and national partners on cultural services.

## Background to Cultural Services

- 1.4 As set out in the specification for this project, there is no official government definition of culture. In *Creating Opportunities*<sup>1</sup>, the guidance provided by DCMS for local authorities producing local cultural strategies, then Secretary of State for Culture, Media and Sport, Chris Smith, stated that culture in its widest sense is important because:

***“It is about improving the quality of life for all, allowing people to both derive pleasure and to fulfil their own potential and broaden their horizons. Equally cultural services play a crucial role in tackling social exclusion, contributing to regeneration, to promoting safer communities, encouraging healthier lifestyles, providing opportunities for voluntary and community activity, and stimulating lifelong learning...Cultural services have so much to offer and communities so much to gain, through a constructive, strategic approach to their provision.”***

- 1.5 In the guidance, the government set out the following types of possible cultural services activities:
- the performing and visual arts, craft and fashion;
  - media, film, television, video and language;
  - museums, artefacts, archives and design;
  - libraries, literature, writing and publishing;
  - the built heritage, architecture, landscape and archaeology;
  - sports events, facilities and development;
  - parks, open spaces, wildlife habitats, water environment and countryside recreation;
  - children’s play, playgrounds and play activities;
  - tourism, festival and attractions;

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<sup>1</sup> *Creating Opportunities: Guidance for Local Authorities in England on Local Cultural Strategies*, Department for Culture, Media and Sport, 2000

- informal leisure pursuits.
- 1.6 As is evident from this non-exhaustive list of activities, many of the services provided by local authorities under the heading of cultural services are discretionary, that is, authorities have no statutory obligation or duty to provide them.
- 1.7 Much of the funding for the cultural services provided by local authorities comes from central government grants. This is delivered through the formula grant, the calculation of which is based on the Formula Spending Share (FSS). The FSS is a nominal measure of the relative cost of service provision for authorities. Grants for cultural services come through the Environment, Protective and Cultural Services 'block' of formula grant. Blocks are the units of grant by which funding is delivered to authorities, there are also blocks for education, social services etc. Allocations for the EPCS block are based on resident population and are modified for sparsity, density, deprivation and for higher costs in London and the South East.
- 1.8 The majority of services funded through the non-cultural services aspect of the EPCS block are statutory. The concern has been articulated, by the LGA among others, that the demands of meeting their statutory obligations within the EPCS block, and more widely across the range of authority provision, are preventing authorities from investing sufficiently in cultural services.

## **Methodology**

- 1.9 Through dialogue with LGA policy and research colleagues, YCL drew up a long list of potential lines of enquiry for the research to investigate. A round table discussion group of local authority officers and elected members was facilitated, which reviewed the areas of enquiry, and made suggestions as to additional areas of interest, format of questionnaire, targeting and other technical issues.
- 1.10 Following the round table discussion, a draft questionnaire was designed and piloted with a subset of the authorities involved in the discussion. Following this process, and subject to minor amendments, the questionnaire was agreed and sent from the LGA, by post, to local authority Chief Executives for distribution to the relevant officer within the authority.

1.11 Further mailshots took place in order to maximise response rates, including a more targeted mailshot to directors of cultural/leisure services departments. The LGA also conducted a telephone reminder exercise.

1.12 A copy of the questionnaire is attached at **Appendix A**.

1.13 A number of case study consultations with local authorities were also undertaken, in order to provide more detailed evidence around some of the issues emerging from the survey findings. These are attached at **Appendix B**, and comments from the consultations are incorporated into the remainder of the report at relevant points. Case studies were selected from authorities responding, with selection made on the basis of achieving a reasonable representation by type of authority,

## **Responses**

1.14 A total of 102 completed questionnaires were received, a response rate of 26.2%. We are confident that this is the maximum response achievable in the time available, although it is recognised that it is lower than is sometimes achieved in surveys of local authorities.

1.15 Two specific factors have impacted on the response rate achieved:

- for reasons of protocol, questionnaires were initially sent to chief executives to be directed on to the appropriate officer. This means that, in some cases, it took considerable time for the questionnaires to reach the appropriate officers. Also, any need to redirect questionnaires will always have some impact on response rates;
- the questionnaire sought details on cultural services expenditure. In many cases, the information required considerable time to collate, often from a number of service departments, thereby impacting on authorities' willingness or ability to respond.

1.16 In **Table 1.1** we have set out the response rate by type of authority. This demonstrates a reasonable spread across the different authority types.

**Table 1.1: Responses by Type of Authority**

	As a % of authorities responding	% of total population of type of authority
County	20	59
District	43	18
London Borough	11	33
Metropolitan	15	41
Unitary	11	24

1.17 Although the number of districts responding was just under one fifth (18 per cent) of the total cohort, district authorities accounted for nearly half of the authorities responding to the survey (43 per cent). One third of London Boroughs responded to the survey, while just under three fifths of county authorities (59 per cent) provided a response. A quarter of unitary authorities returned questionnaires.

1.18 As can be seen in Section 5, the authorities responding reflect a broad range of EPCS allocation levels, from the smallest of just under £4.7 million, to the largest of just under £168 million. In comparing the sample with ODPM data for FSS for the entire population across the period, we are satisfied that the respondents representatively reflect the range and variations in allocation, from those receiving limited funding, to those in receipt of large sums of Formula Grant for the EPCS block.

### Technical Note

1.19 The data in Sections 2 to 4 of this report are weighted by type of authority to provide a representation of the whole cohort. A breakdown of the weightings used is available on request.

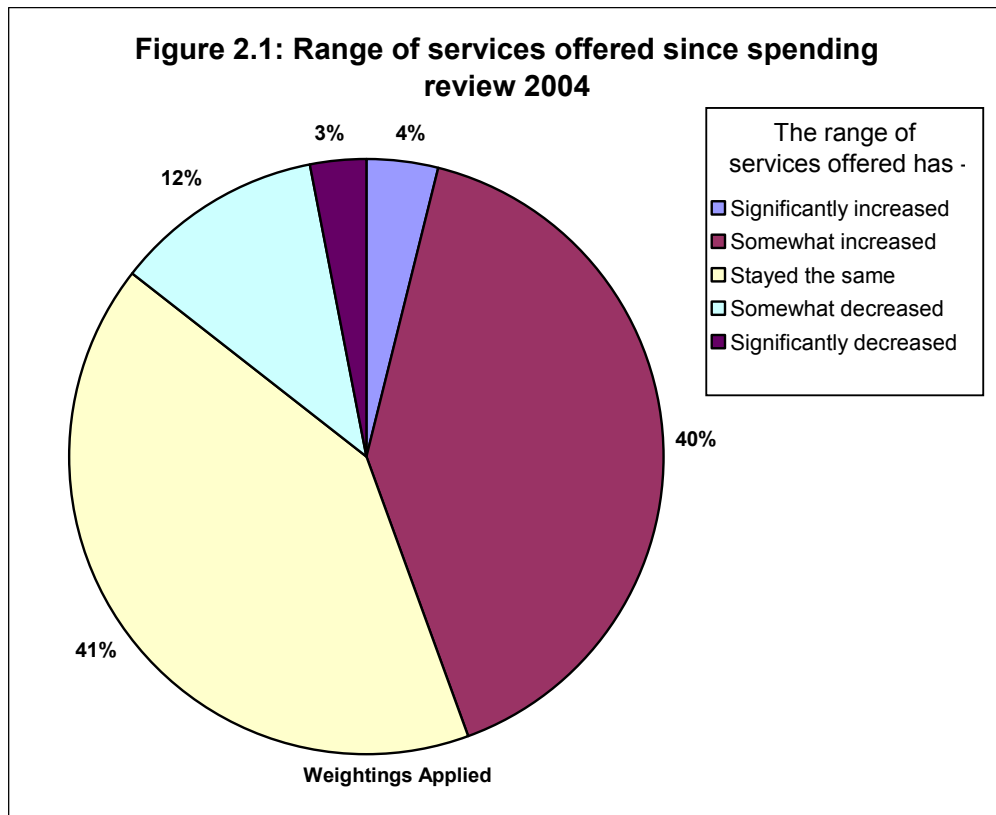
## 2 APPROACHES TO CULTURAL SERVICES

### Introduction

- 2.1 The survey asked local authorities how they approached spending on cultural services since the Spending Review 2004, in terms of the range of services offered, the scale of activity involved, and the resources invested in those services.
- 2.2 Since the Spending Review of 2004, there has been a relative increase in both the range of cultural services offered and the scale of activity. The resources invested in cultural services have varied, with around 40 per cent of authorities increasing their investment, and a similar percentage decreasing their investment. These figures are illustrated in Figures 2.1, 2.2 and 2.3.

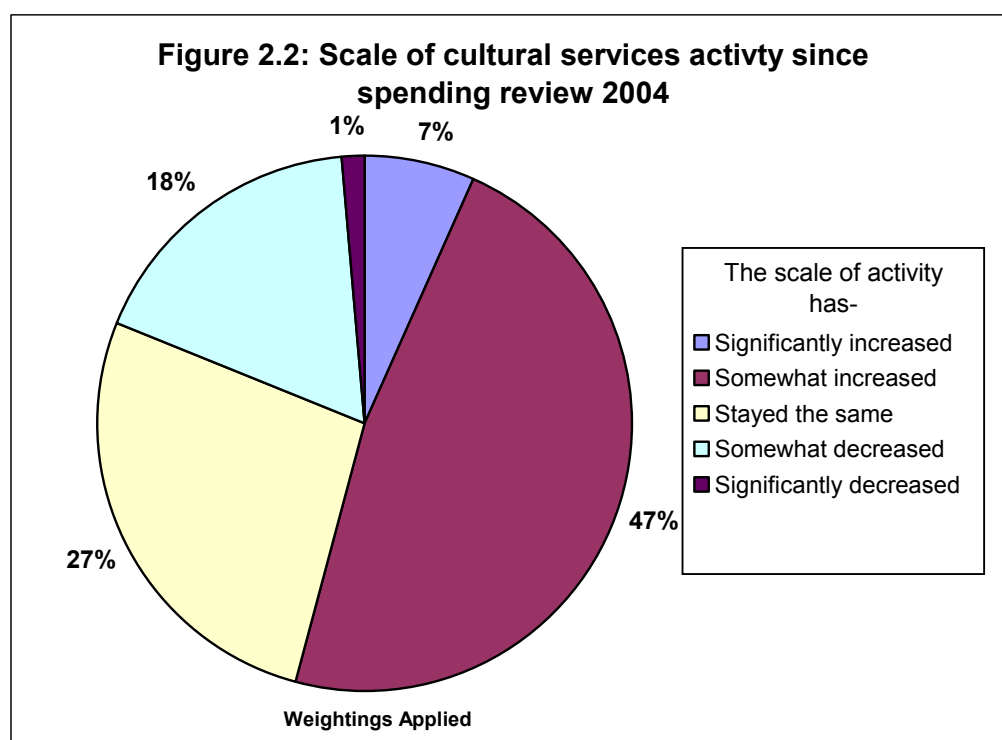
### Range of Cultural Services

- 2.3 **Figure 2.1** shows that since the Spending Review 2004 around two fifths (41 per cent) of authorities have retained the same range of cultural services, with a similar number increasing their range of cultural services offered.
- 2.4 It is important to note that whilst almost 60 per cent of authorities recorded a change in the range of services offered, in most cases this change was not viewed as significant. Only 4 per cent of authorities had increased the range of services significantly, whilst slightly fewer (3 per cent), had seen their range of cultural services decrease significantly.
- 2.5 There were limited variations across authority types, although two fifths of unitary authorities had decreased their range of services, compared to 15 per cent of total authorities. Three fifths of London Boroughs have increased their range of cultural services offered.



### Scale of Cultural Services

2.6 **Figure 2.2** demonstrates that more than half of local authorities (54 per cent) have increased the scale of activity in cultural services, with 7 per cent doing so significantly.



2.7 Around a quarter of authorities (27 per cent) were maintaining the same scale of activity since Spending Review 2004, while just under two fifths (18 per cent) had somewhat decreased the scale of activity.

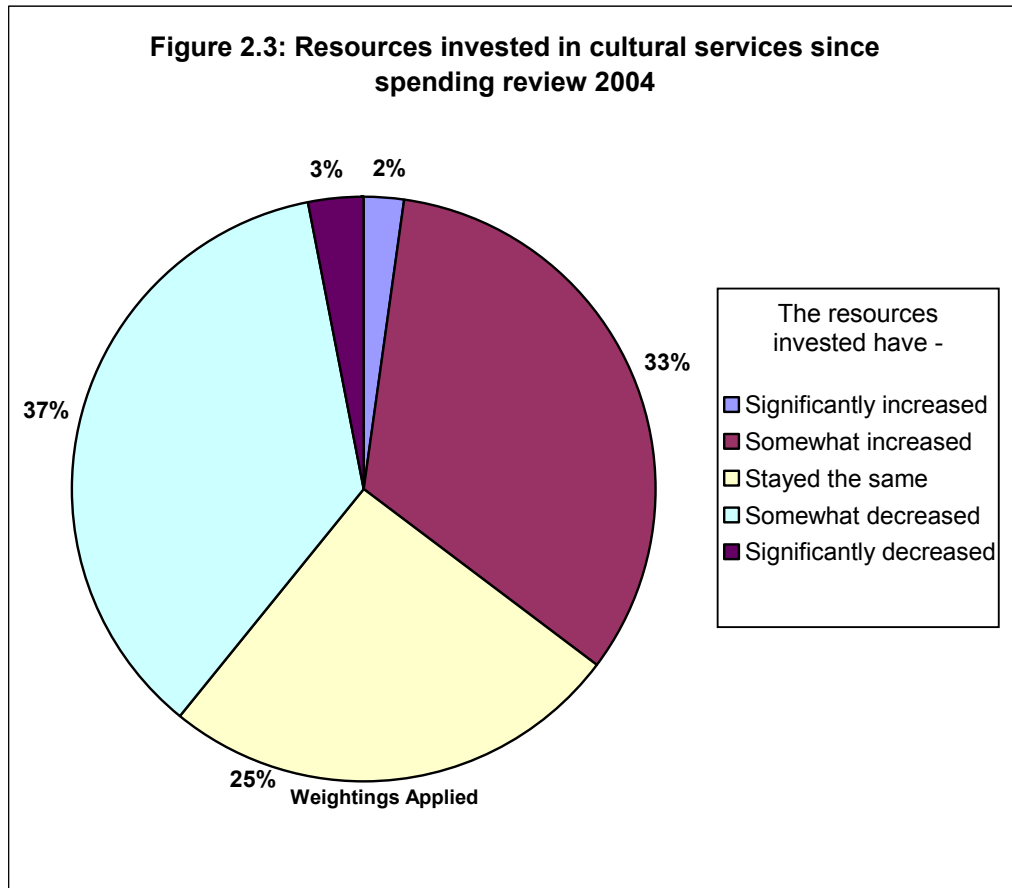
2.8 Again, unitary authorities showed a greater variance in the rate of decrease of scales of activity, with 29 per cent showing a decrease against the rate for total population of 18 per cent.

### Resources Invested in Cultural Services

2.9 **Figure 2.3**, below, shows the approaches of local authorities to the level of investment in cultural services since Spending Review 2004. Around two thirds of authorities reported some change in their level of spending, with just under a third stating that since Spending Review 2004 they were investing an increased amount, and just over a third (39 per cent) stating they were investing less in cultural services.

2.10 Unitary authorities showed a significant decrease in the resources invested, with 80 per cent of authorities of this type indicating that they had reduced resources to a limited extent.

2.11 A quarter of authorities stated that their level of investment had stayed the same since Spending Review 2004.



### The Impact of Spending Review 2004 on approaches to delivery

2.12 Local authorities were asked about the extent to which they agreed with a set of statements relating to the impact of Spending Review 2004 on their approaches to the delivery of cultural services. In **Table 2.1** we set out their responses.

2.13 Just under a third of local authorities (31 per cent) reported that the Spending Review 2004 had not had any impact on their delivery of cultural services.

2.14 Where local authorities stated that Spending Review had an impact on their approaches to cultural services, two key areas were identified:

- partnership working;
- the role of the private and voluntary sectors.

### **Partnership Working**

2.15 The impact of Spending Review 2004 has had a clear and widespread impact on local authorities' approaches to partnership working, with nearly nine out of ten authorities (87 per cent) stating that their approaches to cultural services delivery now included greater partnership working, both with external partners, and within the authority itself.

2.16 The increase of partnership working may reflect the need or desire to pull in funding from external agencies, but also is likely to reflect the general approach of authorities to be more partner orientated in most aspects of service delivery.

### **The Role of the Private and Voluntary Sectors**

2.17 Local authorities have increasingly sought to expand the role played by the private sector in the delivery of cultural services since Spending Review 2004. Over two fifths of authorities (42 per cent) agreed that this was the case, with just over one fifth (21 per cent) not recognising this as an impact of Spending Review 2004.

2.18 Around two thirds of authorities (66 per cent) indicated that since Spending Review 2004 they had sought to increase the role played by the voluntary sector in the delivery of cultural services.

2.19 The increasing role of the private and voluntary sectors in the delivery of cultural services, as with partnership working more generally, could be indicative of more than one factor.

**Table 2.1: Impact of Spending Review 2004 on approaches to Cultural Services**

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
We have developed approaches to delivery of services that include greater partnership working, both internally and externally	41	46	11	1	2
We have sought to expand the role the private sector plays in the delivery of cultural services	13	29	37	18	4
We have sought to expand the role the voluntary sector plays in the delivery of cultural services	15	51	23	8	3
We have scaled down the range of cultural services we offer	7	7	18	49	19
Spending Review 2004 has had no impact on our delivery of cultural services	4	27	27	29	13

2.20 It is possible that this increased involvement comes as a result of authorities adopting a more community based approach to service delivery, and seeking to involve all elements of the community in helping to deliver services across the authority portfolio. Equally, it is possible that local authorities are increasingly having to expand the role played by the private and voluntary sectors because of constraints on their own organisational and financial resources.

### **The Impact of Spending Review 2004 on the Range of Cultural Services**

2.21 Earlier in this section we noted that just under one fifth of authorities (15 per cent) had decreased their scale of cultural services activity since Spending Review 2004. A consistent number of respondents (14 per cent) indicated that they had reduced the range of cultural services offered as an impact of Spending Review 2004.

2.22 Over two thirds of local authorities (68 per cent) stated that the impact of Spending Review 2004 had not led to them scaling down the range of cultural services they offered.

### **Factors influencing approaches**

2.23 Local authorities were asked to indicate how significant they considered a range of factors to be in influencing their approaches to spending on cultural services since the Spending Review of 2004. In **Table 2.2** we have set out their responses.

2.24 In order to frame discussion more helpfully, we have classified the factors into the following headings:

- funding issues – including the demands of statutory services, the need to make efficiency savings, the availability of external funding, council tax strategy and the threat of capping;

- policy issues – including the views of elected members, responding to CPA, improving fit with strategic planning, and meeting the needs of national and regional agendas;
- delivery issues – meeting customer demand.

### **Funding Issues**

2.25 The factor of most significance to local authorities within the funding issue was the need to make efficiency savings required under the Gershon Review. Two thirds of authorities (66 per cent) stated this was either a very significant or a significant factor in the approach to cultural services spending since Spending Review 2004. For unitary authorities this figure was slightly above the average, with 90 per cent seeing this as a significant or very significant factor.

2.26 The evidence from the case study authorities shows that authorities, while recognising Gershon as an increasingly important factor in delivery, have been required to make efficiency savings year on year for some time. In some cases this is due to significant budgetary reductions demanding a more efficient way of delivering services.

**“The authority doesn’t perceive it as a new agenda, having long been committed to efficiency in delivery.”**

2.27 Case study authorities were able to point to a range of initiatives designed to reduce inefficiencies and waste, with the use of technology to provide remote access, and a joint procurement scheme, based at a regional level, aiming to make savings through delivering economies of scale.

2.28 Over half of all authorities (56 per cent) stated that council tax strategy was a significant or very significant factor in their approach, and for just under a quarter of authorities (23 per cent) the related issue of avoiding the threat of capping of council tax was a significant or very significant factor. Council tax strategy was of particular importance for county councils (71 per cent rating as significant or very significant) and unitary authorities (80 per cent rating as significant or very significant).

- 2.29 The availability of external funding was a significant or very significant factor to half of all authorities, with less than one fifth (17 per cent) seeing this as not significant. We go on to discuss, in Section 3, the relative importance of external funding in helping authorities deliver their cultural services, and these data are indicative of the growing importance of external funding in enabling authorities to achieve their goals. The availability and use of external funding is a particular issue for cultural services given the non-statutory nature of much of provision, and the consequent scale of grant support supplied for cultural services by central government through the EPCS block.
- 2.30 Interestingly, the importance of external funding to London Boroughs (70 per cent), metropolitan authorities (72 per cent) and unitaries (71 per cent) was greater than that for county and district authorities. This may reflect the more urbanised nature of the former, with concomitant levels of deprivation, and therefore provide one possible explanation for disparities in levels of external funding between these types of areas.
- 2.31 One case study authority recognised that the status as an area with deprivation related problems has enabled them to bring in regeneration and renewal funding streams.

**Table 2.2: Factors influencing approaches to spending on Cultural Services since Spending Review 2004**

	Very Significant (%)	Significant (%)	Somewhat Significant (%)	Not Significant (%)	Don't Know (%)
Meeting the demands of statutory services within the EPCS block	14	23	22	34	7
Views of elected members	29	50	21	0	0
The need to make efficiency savings	24	43	30	4	0
Responding to CPA	22	44	22	12	0
Improving fit with strategic planning	16	42	30	10	2
Customer demand	21	49	24	6	0
Availability of external funding	14	36	33	17	0
Meeting needs of national/regional agendas	5	29	42	25	0
Council Tax strategy	23	33	27	15	2
Threat of capping	9	14	23	44	10

- 2.32 The demands of providing statutory services within the EPCS block constitute a considerable element of EPCS funding, and for just over one third of authorities (38 per cent), this is a significant or very significant factor in their approach to cultural services spending since Spending Review 2004. It is important to note that just under one third of authorities (34 per cent) felt that the demands of meeting their statutory obligations was not significant in their approach to cultural services spending. This suggests perhaps that those authorities perceive the discretionary element of cultural services as carrying as much weight as those services they are obliged to provide.
- 2.33 Evidence from the case studies reflected the fact that the demands of meeting statutory services, in particular Education and Social Services, were a significant factor in the way that the authority approached and was able to fund cultural services. One authority is now developing links with both Education and Social Services departments, by providing services as part of an internal commissioning process. This includes working the departments to provide support to children with disabilities and supporting school sports co-ordinators.

### **Policy Issues**

- 2.34 By far the most significant factor in local authority approaches to cultural services spending in policy terms since Spending Review 2004 is the view of elected members. For over three quarters of authorities (79 per cent) this was a significant or very significant factor, and no authorities regarded it as not significant. This finding does not however illustrate how the views of elected members had an impact, only that they were of considerable importance in the way authorities have approached cultural services spending.
- 2.35 We have already noted how the demands of the Gershon process have been a significant factor in local authority approaches to cultural services spending. Responding to the Comprehensive Performance Assessment process has been an equally significant factor for local authorities, with two thirds (66 per cent) stating that it was an issue in their approach since the Spending Review 2004. County authorities perceived this as a more important factor than other types of authority, with just over four fifths of authorities (81 per cent) stating that it was significant or very significant.

2.36 Case study authorities commented that the inclusion of a cultural block in the revised CPA process had the potential to be beneficial for cultural services departments, with authorities having to invest in services in order to meet expectations/performance targets. This may protect cultural services budgets from further deprecations. However, one authority raised the possibility that there was the potential for authorities to withdraw discretionary elements of cultural services delivery if there was a likelihood that their adverse performance would affect overall CPA scores.

**“The CPA process and performance management in general can work both ways with discretionary services, they can be used as a tool to lever in support for resource allocations from members, or they can be seen as a justification for withdrawing from services.”**

**“The development of new indicators relating to cultural services as part of the revised CPA process may stimulate an increased recognition for culture and some protection of resources.”**

2.37 Strategic planning and corporate priorities play a key part in the CPA process, and their importance is reflected in the fact that 58 per cent of authorities felt that improving the fit of cultural services with strategic planning was a significant or very significant factor in their approach to spending on cultural services. The relative importance of cultural services to both CPA and strategic planning more generally may be seen as an encouraging sign, suggesting that cultural services are retaining importance in the light of the demands of overall authority performance and strategy.

2.38 Finally, just under a third of local authorities (34 per cent) see meeting the needs of national and regional agendas as being a significant or very significant factor to their approach to cultural services spending since Spending Review 2004. These agendas reflect the importance and value of cultural services as a cross-cutting portfolio, addressing issues such as health and regeneration. Equally they reflect the pressure that local authorities are under to meet these demands, pressures which are not always matched by specific resources.

- 2.39 Two of the case study authorities raised particular instances of this kind of involvement. One authority, a district in the North West, noted that changes in legislation due to the growth of the Local Area Agreement Agenda was likely to add additional pressures through investment in children and young people and health related outcomes. Although the department would not be the lead department involved in the delivery of these areas, it is likely to add pressure to the budget which is unlikely to be recompensed through direct funding.
- 2.40 A unitary authority in the South East is facing pressures in their budget planning due to the impact of the People's Network initiative. The authority now has to fund the infrastructure and service for the Network, as the central government funding has expired.

### **Delivery Issues**

- 2.41 Meeting the demands of customers has been a key factor for local authorities in determining their approaches to cultural services spending since Spending Review 2004, with over two thirds of authorities (69 per cent) stating that it was a significant or very significant factor in their approach.
- 2.42 A considerable proportion of cultural services, such as sports and leisure provision for example, are revenue generating services, and thus the demand for competitive, customer-driven provision is potentially more important than in other areas of local authority service delivery.
- 2.43 More generally the discretionary element of much of the cultural services portfolio argues for the presence of an articulated customer demand and need, without which there would be no obligation on authorities to provide those services. In this light, the importance of customer demand as a factor in spending on cultural services is understandable. It would be instructive to assess how the demand for cultural services from customers has driven possible increases in investment, or vice versa.

### **3 DELIVERY AND PROFILE OF CULTURAL SERVICES**

#### **Introduction**

- 3.1 In this section we look at the profile and structure of cultural services across authorities, the use of consultation, how local authorities are delivering cultural services, and how external funding is being used to support the delivery of cultural services.

#### **Strategy and Profile**

- 3.2 The vast majority of authorities (98 per cent) have some form of strategic statement regarding their approach to cultural services. In most cases (89 per cent of authorities) this is in the form of a discrete cultural strategy, while the remainder have a community strategy which explicitly refers to cultural services and activities.
- 3.3 The most common method of service delivery is through a single department, with just over two thirds of local authorities (68 per cent) using this model, rather than being dispersed across a range of departments. It is important to note that the single department model includes a number of examples of cross-cutting departments, within which all cultural service delivery is nested, along with other services.
- 3.4 In Section Two we highlighted the significant importance of elected members in the approach of local authorities to cultural services spending since Spending Review 2004. Corroborating this level of member involvement and impact on cultural services is the finding that nine out of ten authorities (91 per cent) have a cabinet member or a committee chair whose portfolio explicitly includes cultural services. Of these, just under four fifths (79 per cent) indicated that the portfolio holder had been actively involved with cultural services issues within the authority.
- 3.5 Since the 2005/06 Revenue Support Grant settlement for the EPCS block, the importance of cultural services to local authority cabinets/relevant committees has remained relatively static, with nearly nine in ten authorities (86 per cent) indicating that their status was unchanged.

- 3.6 Similarly, the importance placed on cultural services by authority senior management teams was reported as remaining the same by 87 per cent of authorities.
- 3.7 What these data do not tell us however is the importance of cultural services to these key groups prior to the 2005/06 RSG settlement, and whether that importance has therefore changed in any way. This is likely to vary between authorities, based on the relative scale and profile of cultural services locally.

### **Consultation Processes and their impact**

- 3.8 Reflecting the stress placed on the value of consultation with customers by both central government and the LGA, nearly all local authorities (97 per cent) have consulted with service users regarding cultural services in the last twelve months. The most popular method of consultation was surveying users, which was undertaken by 84 per cent of authorities. Just under three quarters of authorities (73 per cent) had used informal feedback from users, and over half (59 per cent) had used citizens' panels. These approaches can provide highly valuable information on the individual services delivered.
- 3.9 Nearly four fifths of authorities (79 per cent) had consulted with partners and stakeholders in the last 12 months regarding cultural services. The bodies consulted are set out in **Table 3.1**.

**Table 3.1: Consultation with Partners/Stakeholders**

Partner	% of authorities consulting
Local Strategic Partnership	54
Community groups	73
Other local stakeholders	58
Office of the Deputy Prime Minister	8
Department for Culture, Media and Sport	12
Regional Development Agency	16
Local Cultural Consortium	33
Regional Cultural Consortium	17
Other local authorities	45
Arts Council	45
Sport England	44
Museums, Libraries & Archives Council	32
English Heritage	21
Tourist Board	20
Other	8

3.10 In order to aid presentation of these findings we have classified them into the following sub-groups:

- those involved in local activity – local strategic partnerships, community groups, local cultural consortia, regional cultural consortia;
- potential funding bodies, government departments and agencies, and local government – Office of the Deputy Prime Minister, Department for Culture, Media and Sport, Regional Development Agencies, other local authorities;
- representative bodies – the Arts Council, Sport England, Museums, Libraries and Archives Council, English Heritage and regional tourist boards.

### **Local Activity**

3.11 More authorities consulted with groups within this classification than with any other, with just under three quarters of authorities (73 per cent) consulting with community groups, and over half with their local strategic partnership (54 per cent) and other local stakeholders (58 per cent). These findings reflect the considerable importance placed on the local aspect of cultural services delivery by local authorities. The importance of community groups is also a confirmation of the increasing role of the voluntary sector in the delivery of cultural services, as noted in Section Two.

### **Potential funding bodies, government department/agencies, local government**

3.12 More local authorities consulted with their counterparts in other local authorities than any other type of organisation within this group, with just under half (45 per cent) doing so. From our experience of other local government studies we suggest that these processes may include:

- benchmarking against other authorities of a similar size or area;
- consulting with neighbouring authorities on provision and issues of competition;
- consulting with authorities over joint approaches to service delivery, especially in areas of two tier local government organisation.

3.13 Central government departments such as ODPM and DCMS were consulted by only 8 and twelve per cent of authorities respectively. This may reflect the fact that relationships with central government are less of a consultative process, and that interaction between local authorities and these departments is likely to be universal. Just under one fifth of local authorities (16 per cent) consulted with Regional Development Agencies.

### **Representative Bodies**

- 3.14 The role of representative bodies in local authority consultation processes is important, with just under half of all authorities consulting with the Arts Council (45 per cent) and Sport England (44 per cent). Just under one third of authorities consulted with the Museums, Libraries and Archives Council, and around one fifth with English Heritage (21 per cent) and the tourist board (20 per cent).
- 3.15 Local authorities were asked how these consultation processes had impacted on the range of cultural services offered. The figures provided in these answers should be balanced with those reported on in Section 2.
- 3.16 Over two fifths of authorities (44 per cent) indicated that the consultation process had resulted in the range of cultural services offered being increased. In addition, anecdotal evidence from at least one authority suggested that while the consultation processes with partners had not resulted in any increase in range or scale of services, it had resulted in new methods of service delivery and potential for joint working in the future. These aspects of the consultation process may have informed the growth in partnership working which we have commented on in Section Two.

### **New Methods of Service Delivery**

- 3.17 Half of local authorities have introduced a range of new methods of delivering cultural services in the last twelve months, with the most commonly occurring being:
- the introduction of public/private partnerships by nearly a quarter of all authorities (24 per cent), reflecting the growth in partnership working and the increasing role of the private sector commented on earlier;
  - the outsourcing of service delivery by just under one fifth of authorities (17 per cent), again reflecting the growth in the role of the private sector;
  - the introduction of leisure trusts by 12 per cent of authorities;
  - the introduction of charitable trusts by 6 per cent of authorities.

3.18 Of those authorities who have introduced new methods of service delivery in the last 12 months, just over one quarter (26 per cent) did so as part of a wider response to the result of the 2005/06 RSG settlement, a significant proportion of the cohort.

### **The Use of External Funding**

3.19 Large parts of the cultural services portfolio fall under the classification of discretionary services i.e. services that the authority has no statutory duty or obligation to provide. As we have already noted, the demands on local authorities to meet their statutory duties are considerable across the piece, and this is certainly the case within the EPCS block, which includes key statutory services such as planning, environmental health and protection, and waste collection and disposal.

3.20 The delivery of statutory services within the EPCS block takes up a large part of the Formula Spending Share allocation for the block, meaning that funding for services that authorities are not obliged to provide can be not only small or insufficient, but also under significant pressure. The use of external resources to supplement direct government funding is of key importance in enabling local authorities to deliver cultural services, and is demonstrated in detail in Section 5.

3.21 Close to half of all authorities (43 per cent) indicated that the significance of external funding to the delivery of cultural services had become greater in the light of the 2005/06 RSG settlement, and just under three quarters (72 per cent) agreed that without external funding there would be a significant impact on their ability to provide cultural services to the extent they currently did.

3.22 Unitary authorities were most likely to indicate that external funding had become increasingly important in light of the 2005/06 RSG settlement (61 per cent indicated this). In contrast, less than one third of county councils (29 per cent) and metropolitan councils (28 per cent) indicated this to be the case.

3.23 Anecdotal evidence suggests that local authorities are making significant use of external funding in order to support their delivery of cultural services. One district authority in the north west was matching every £1 of FSS funding with £1.50 of external funding.

3.24 However, although the value of external funding is clearly demonstrated by the figures above, there are clear problems with obtaining, spending, and accounting for it which are proving considerable obstacles for local authorities to overcome.

- using external funding can impact on what is done and when – 75 per cent of authorities agreed that it was difficult to maintain a strategic approach to cultural services when the availability of funding is unpredictable. Individual authorities also noted that external funding was often time-limited in terms of spending, which did not always fit with the authority's own strategic planning;
- there can be significant costs associated with external funding, both in terms of capacity and resources – just under two thirds of authorities (62 per cent) agreed that the time that needed to be spent on sourcing external funds could diminish the value of it, while 64 per cent of authorities agreed that the time and resources that needed to be spent in bidding for external funding could diminish the value of receiving it.

3.25 Additionally, local authorities noted that managing the delivery of external funding streams, including performance monitoring and reporting to the funding provider, could often be a time-consuming and laborious process, which consumed officer time which might otherwise be spent on actual delivery.

3.26 One case study authority highlighted these specific issues:

**“More broadly, external and additional funding has its own drawbacks in addition to the very clear advantages. Funding is often competitive, leading to capacity demands in bidding, and time limited, or targeted, meaning that overlaps with council priorities are not always as close as might be wished. Monitoring and reporting on the use of external funding is often a drain on capacity.”**

<b>Table 3.2: Issues around External Funding</b>					
	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neither Agree or Disagree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
<b>It is difficult to maintain a strategic approach to cultural services when the availability of external funding is unpredictable</b>	<b>31</b>	<b>44</b>	<b>8</b>	<b>15</b>	<b>2</b>
<b>The time that needs to be spent on bidding for external funding can diminish the value of receiving it</b>	<b>15</b>	<b>49</b>	<b>19</b>	<b>17</b>	<b>-</b>
<b>The time that needs to be spent on sourcing external funding streams can diminish the value of bidding for them</b>	<b>10</b>	<b>52</b>	<b>20</b>	<b>16</b>	<b>2</b>
<b>Without external funding there would be a significant impact on our ability to provide cultural services to the extent we do currently</b>	<b>32</b>	<b>40</b>	<b>6</b>	<b>20</b>	<b>1</b>

## 4 THE EXPECTATIONS FOR CULTURAL SERVICES DELIVERY

### Introduction

- 4.1 In this section we highlight some of the findings of the survey on local authority expectations regarding the delivery of cultural services in the future.

### Factors Influencing the Future Delivery of Cultural Services

- 4.2 In Section 2 we illustrated how certain factors were influencing the approaches of local authorities to the delivery of cultural services. Authorities were also asked to specify how significant they thought a range of factors would be in the future to their actual delivery of cultural services. The results are set out in **Table 4.2**, below.
- 4.3 In order to frame discussion more helpfully, and to draw some comparison between these and those in Section 2, we have grouped the factors into the following classifications:
- funding issues – including the demands of statutory services, the need to make efficiency savings, external funding, council tax strategy and others;
  - policy issues – including the use of the well-being power, responding to CPA, improving fit with strategic planning, and meeting the needs of national and regional agendas;
  - delivery issues – meeting customer demand for improved services, increasing demand for cultural services.

**Table 4.2: Factors Influencing the Delivery of Cultural Services in the future**

	Very Significant	Significant	Somewhat Significant	Not Significant
The requirement under the Review of Public Sector Efficiency (Gershon) to make year on year savings	43	40	16	2
The pressure to keep council tax low	45	39	16	-
The need to generate income from external sources	31	42	27	1
Changes in external funding	20	45	28	8
The demands of statutory services	21	41	29	9
The costs of maintaining capital assets	49	35	10	7
Meeting the requirements of the Comprehensive Performance Assessment	43	43	15	-
The power to promote or improve economic, social or environmental well-being	14	33	41	12
The powers to charge for discretionary services contained in the Local Government Act 2003	3	10	38	48
Customer demand for improved services	31	48	20	1
Increased demand for cultural services	14	49	30	7
The development of new Adult and Childrens Services directorates	13	26	45	17
The need to mainstream activities currently being funded through Neighbourhood Renewal Funding	8	6	33	53

### **Funding Issues**

- 4.4 As we noted in Section 2, two thirds of authorities stated that the need to make annual efficiency savings was a significant or very significant factor in their approach to cultural services spending since the Spending Review 2004. Over four fifths of authorities (83 per cent) expect this factor to be significant or very significant in their delivery of cultural services in the future, underlining the importance of this key agenda.
- 4.5 Council tax strategy has been a significant or very significant factor in the delivery of cultural services to over half of all authorities (56 per cent), and in the future will remain so, with 84 per cent of authorities stating that the pressure to keep council tax at a low level would be a significant or very significant factor in their delivery of cultural services in the future.
- 4.6 As a consequence of this, local authorities see the role of external funding and income generation as being of importance, with close to three quarters of authorities (73 per cent) stating that the need to generate income from external sources was expected to be a significant or very significant factor in their future delivery plans. All unitary authorities felt that generating income was a significant or very significant factor in future delivery.
- 4.7 Just under two thirds of authorities (65 per cent) expect that changes in external funding will be a significant or very significant factor to their delivery of cultural services in the future, underlining our earlier discussion about the current key value of these funding streams to cultural services provision.
- 4.8 Just over one third of local authorities (38 per cent) stated that meeting the demands of statutory services within the EPCS block had been a significant or very significant factor for the delivery of cultural services since the Spending Review of 2004. In the future, the demands of statutory services will assume a greater importance when set against the delivery of the largely discretionary cultural service element, with just under two thirds of authorities (62 per cent) stating that it would be a significant or very significant factor.

- 4.9 Other important factors relating to the future funding of cultural services spending include the costs of maintaining capital assets, which is significant or very significant to 84 per cent of local authorities. For metropolitan authorities this factor assumes even greater importance, with all expecting that maintaining their capital assets will be at least a significant factor in the delivery of cultural services in the future.
- 4.10 This issue was reflected by some of the case study authorities. Although one authority has recently experienced a growth in capital spending, driven by the demands of the Disability Discrimination Act, and using prudential borrowing to help in the refurbishment of leisure centres, this was not a consistent finding. The experience of other case study authorities was that the demands of maintaining capital assets was becoming an increasing burden.
- 4.11 One authority noted that although they were currently able to find sufficient resources to maintain their facilities at an acceptable level, a lack of long term and preventative maintenance, and upgrading of facilities, means that in the future they will be faced with a deteriorating stock of buildings.

### **Policy Issues**

- 4.12 Meeting the requirements of CPA is expected to become a more important factor in the future delivery of cultural services than previously, with 86 per cent of authorities expecting it to be significant or very significant in their future delivery, compared to two thirds who stated it had been an issue in their approach since Spending Review 2004.
- 4.13 The power granted to local authorities to promote or improve the economic, social or environmental well-being of their citizens is expected to be a significant or very significant factor in the future to nearly half of all authorities (47 per cent).

### **Delivery Issues**

- 4.14 Since Spending Review 2004, meeting the demands of customers has been a key factor for local authorities in determining their approaches to cultural services spending, with over two thirds of authorities (69 per cent) stating it was a significant or very significant factor in their approach.
- 4.15 In the future, almost two thirds of authorities (63 per cent) expect that an increased demand for cultural services will be a significant or very significant factor in their approach, and for over three quarters of authorities (79 per cent) customer demand for improved services is expected to be a significant or very significant factor. These delivery issues will be of critical importance in the light of how authorities are expecting to approach cultural services delivery more generally, which we discuss further below.

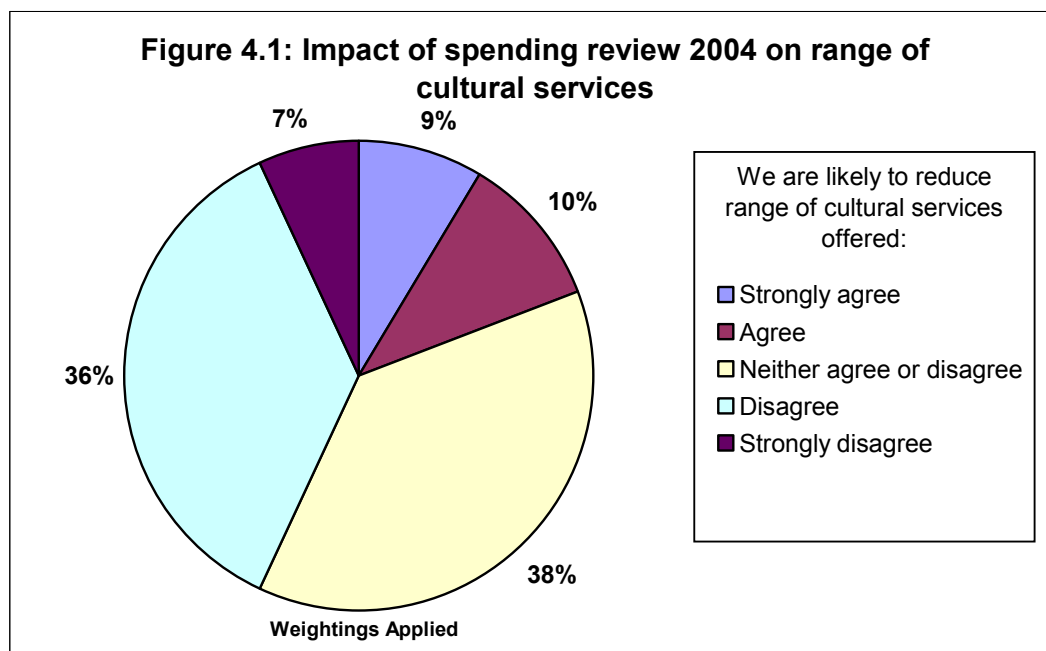
### **The Impact of Spending Review 2004 on Future Approaches to Cultural Services**

- 4.16 Authorities were asked about their expectations of the future approaches to cultural services given the impact of Spending Review 2004.

### **Range of Cultural Services**

- 4.17 Just under one fifth of authorities (19 per cent) agreed that they were likely to reduce the range of cultural services offered in the future as an impact of Spending Review 2004. This is a slightly greater proportion than the 15 per cent of authorities who have already decreased their range of cultural services since Spending Review 2004. Almost half (46 per cent) of all unitary authorities expect to reduce the range of cultural services offered in the future.
- 4.18 However, over two fifths of authorities (43 per cent) indicated that they were not likely to make any reductions in the range of cultural services offered, with a further 38 per cent unsure. Although we cannot logically infer that these authorities are likely to increase their range of services, a reduction in the range of services is not being contemplated. This bears comparison with the 45 per cent of authorities who said that they had increased their range of cultural services since Spending Review 2004.

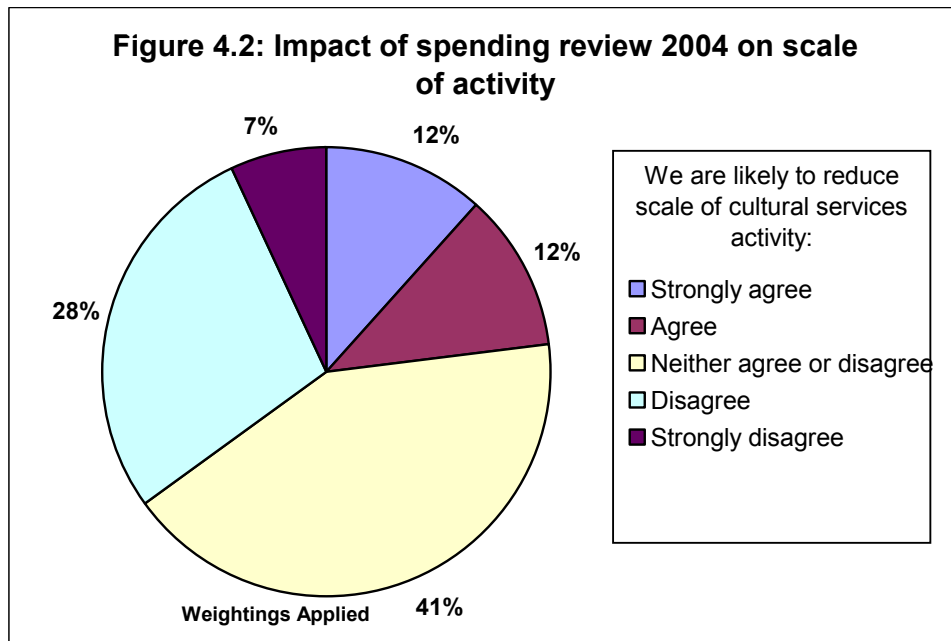
4.19 Figure 4.1 sets out these findings.



### Scale of Activity

4.20 Just under one quarter of authorities (24 per cent) agreed that it is likely that they will reduce the scale of cultural services activity as a result of the impact of Spending Review 2004. This is an increase on the 20 per cent of authorities who indicated that they have already reduced their scale of activity as reported, and may be an early indication of a developing trend.

4.21 More unitary and county authorities are expecting to reduce the scale of activity than other types of authority, with 40 per cent of counties and 46 per cent of unitary authorities indicating this was the case. No London Boroughs indicated that they expect to reduce the scale of activity.



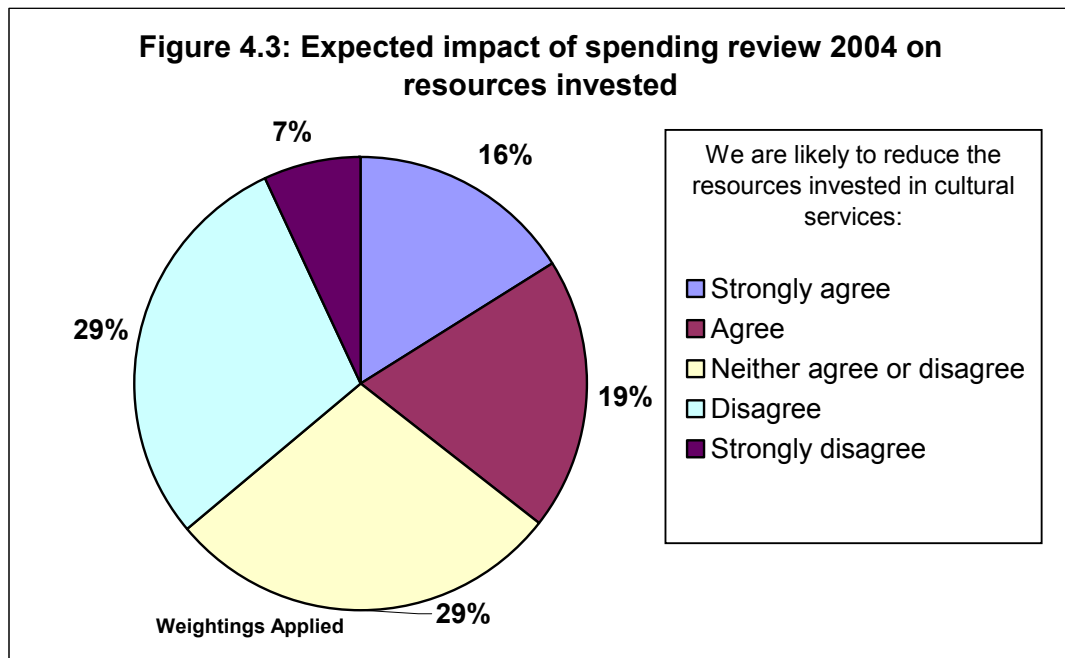
### Cultural Services Spending

4.22 Just under one third of authorities (35 per cent) stated that it was likely that, as an impact of Spending Review 2004, they would reduce the resources invested in cultural services. This compares with the figure of 39 per cent who have already decreased the resources invested since Spending Review 2004. However, just over three quarters of unitary authorities (76 per cent) are expecting to reduce the resources they invest in cultural services, continuing the trend set by 80 per cent of unitary authorities who have already reduced the resources they invest.

4.23 Metropolitan authorities were least likely to indicate that they expect to reduce the resources invested in cultural service in future, 7 per cent of these authorities stated that this was the case.

4.24 When these findings are compared with the data on likely impacts on the range and scale of services, we can see that a significant minority of authorities stated that, as a result of Spending Review 2004, the range of activities, scale and activities, and investment in those cultural services activities are likely to fall.

4.25 This is a highly significant finding not just in the context of cultural services provision itself, but in the broader context of the contribution that cultural services plays, and is expected to play, to quality of life, local area image and in adding value to statutory provision.



## 5 FINANCIAL INFORMATION

### Introduction

- 5.1 In addition to the attitudinal data which we have analysed in Sections 2 to 4, local authorities were also asked to provide information about their funding of and expenditure on cultural services.
- 5.2 As noted in Section 1, this information required considerable time to collate, often from a number of service departments, thereby impacting on authorities' willingness or ability to respond to these specific questions. Of the authorities who responded to the survey, only around 70 per cent completed the financial information requested (there were variations in response for individual questions).
- 5.3 As such, the data here are treated as indicative, and have not been weighted in order to provide findings at the universal level. Therefore, although we have included some discussion of the findings, this should be treated with considerable caution when extrapolating more widely. However, although we have not commented on total spending, a discussion of mean spend and ranges of spend can provide useful indications of activity, therefore our discussion is focused around these findings.
- 5.4 More broadly, whilst the data cannot be seen as representative of the whole local authority cohort, the financial information provides a useful demonstration of the scale and costs of cultural services delivered by local authorities.
- 5.5 The data and analysis presented in the remainder of this section is of a detailed and frequently complex nature. We have therefore included a short summary of the key findings, which is set out below.

## **Summary of Findings**

- 5.6 Indicative findings support the concerns of the LGA (as expressed in the specification for this project) that the EPCS block has fared badly in recent spending rounds, and that the increases announced in Spending Review 2004 are not likely to alleviate the pressures on cultural services delivery being faced by local authorities.
- 5.7 Local authorities have been generating more income from external funding year on year, with a significant rise, of 43 per cent, budgeted for in 2005/06. The main sources of external funding range from lottery grants, to governing bodies, such as Sport England, Regional Development Agencies and European agencies.
- 5.8 Since 2002/03, when responding authorities were spending a mean £18,852m on cultural services, expenditure has grown by a mean £3,808m, or 20 per cent, to £22,660 in 2005/06. This level of spending on cultural services means that activities are of a significant scale.
- 5.9 The areas within the cultural services block experiencing most significant growth in expenditure (over 25 per cent) were:
- museums and Galleries – which grew by 28 per cent;
  - foreshore activities – 62 per cent;
  - community Centres – 28 per cent;
  - sports & Recreation Facilities – 27 per cent.
- 5.10 However, in four areas the level of expenditure has not matched this general trend of growth, and has in fact fallen across the period 2002-2006 (budgeted). The areas which have experienced a decline in expenditure are:
- archives – a fall of 23 per cent;
  - arts Development & Support – a fall of 5 per cent;
  - tourism – a fall of 19 per cent; and
  - other Services – experienced a fall of 4 per cent.

## Funding

5.11 Funding can be split into two broad areas, funding received from central government and funding from other sources.

5.12 The principal source of local authority funding from central government is the Formula Grant, provided through central government, which is calculated through the Formula Spending Share. Local authorities were asked to indicate the amount of FSS they received for the Environment, Protective and Cultural Services block across 2002 to 2005, and their indicated grant for 2005/06. **Table 5.1** sets out the mean receipts for local authorities, and the range of allocations, by year, for the EPCS block as a whole

<b>Table 5.1: EPCS Block FSS Allocations</b>				
	<b>EPCS FSS 2002/03 (‘000)</b>	<b>EPCS FSS 2003/04 (‘000)</b>	<b>EPCS FSS 2004/05 (‘000)</b>	<b>EPCS FSS 2005/06 (‘000)</b>
Mean	£27,750	£35,606	£34,042	£35,697
Minimum	£4,693	£5,099	£5,278	£5,771
Maximum	£126,900	£162,000	£155,400	£157,600

5.13 The significant variation between the figures for 2002/03 and following years can be explained by the introduction of revised accounting procedures (the transition from the Standard Spending Assessment (SSA) to FSS). In 2004/05 responding local authorities noted a significant fall in mean FSS allocation of £1.56 million from 2003/04, a shortfall which was expected to be restored the following year (2005/06). However, it should be noted that the allocation for 2005/06 represents, in mean terms, an increase of only 0.25 per cent on the figure for 2003/04, therefore equating to a marginal fall in real terms.

5.14 These indicative findings support the concerns of the LGA (as expressed in the specification for this project) that the EPCS block has fared badly in recent spending rounds, and that the increases announced in Spending Review 2004 are not likely to alleviate the pressures on cultural services delivery being faced by local authorities.

5.15 We have already noted that over half of all authorities indicated that they had increased the range of activity (54 per cent), and over two fifths of authorities (44 per cent) indicated that they had increased the scale of activity, since Spending Review 2004. Although it is not possible to establish by how much authorities have increased their range and scale of activity, it is important to set these achievements in the context of the FSS allocations set out above.

### **External Funding**

5.16 Throughout this report we have noted the significant role played by external funding in enabling local authorities to provide and deliver cultural services. Nearly three quarters of local authorities (73 per cent) stated that the need to generate income from external sources was a significant or very significant factor in their future delivery plans, while a similar proportion (72 per cent of authorities) felt that without external funding there would be a significant impact on their ability to provide cultural services to the extent they currently do.

5.17 Local authorities were asked to provide details of the value of external funding for cultural services across 2002 to 2005, and indicate their budgeted funding for 2005/06. The breakdown of responses by mean is set out in **Table 5.2**.

	<b>2002/03 Outturn (£thousand)</b>	<b>2003/04 Outturn (£thousand)</b>	<b>2004/05 Outturn (£thousand)</b>	<b>2005/06 Budget (£thousand)</b>
Mean Capital	£807,000	£994,000	£939,000	£1,822,000
Mean Revenue	£577,000	£581,000	£667,000	£533,000
Mean Total*	£1,303,000	£1,478,000	£1,488,000	£2,130,000
Minimum	£0 (£13,000)**	£0 (£25,000)**	£0 (£22,000)**	£0 (£2,000)**
Maximum	£11,042,000	£14,230,000	£20,912,000	£50,019,000
<p>*Totals do not sum as not all authorities indicated in which area funding was received  **Figures in parentheses indicate the minimum value above zero</p>				

- 5.18 The data demonstrate that local authorities have been generating more income from external funding year on year, with a significant rise, of 43 per cent, budgeted for in 2005/06. This is due to a significant budgeted increase in external funding committed to capital of nearly double the outturn for 2004/05 (94 per cent). However, the figure for capital in 2005/06 is skewed by the fact that one large metropolitan authority is budgeting for external funding for capital projects of £48.7 million.
- 5.19 The range of external funding for local authorities across the period varies between zero and £50 million. As noted above, the maximum figure of £50,019 million (2005/06) is anomalous, as the next highest expected income in that year is £8,744 million, and across other years is £20,912 million. This anomaly also applies to the mean figures provided in Table 5.2 for funding for capital, and total funding. Without this significant outlier, the mean levels would be significantly lower.
- 5.20 Also of interest in the budgeted funding for 2005/06 is the fact that external funding in the form of revenue is budgeted to fall significantly, by over one fifth (21 per cent), from the outturn figure for 2004/05. Revenue funding is often critical in supporting operational service delivery, and a decrease of this magnitude may have a considerable impact on local authority cultural services activities.
- 5.21 Additionally, we reported earlier that close to half of all authorities (43 per cent) felt that the significance of external funding to the delivery of cultural services had become greater in the light of the 2005/06 RSG settlement. The impact of this forecast fall in external funding for revenue, in the light of this perception, assumes even greater potential significance for future service delivery.

- 5.22 The main sources of external funding range from lottery grants, to governing bodies, such as Sport England, Regional Development Agencies and European agencies. Of these sources, lottery funding is the largest single source of external funding for authorities, generating around £2 million for each local authority across 2002/03 to 2005/06. Governing bodies are responsible for the provision of around £1.4 million across the same period, with European funding and other local authorities accounting for around £600,000 to each authority, on average, across the period. Income from the RDA Single Pot accounts for around £270,000 per authority.
- 5.23 As noted earlier, there are clear reservations among local authorities over some of the demands that external funding makes on officer time – including the resource demands of identifying, bidding for, delivering and monitoring funding. 62 per cent of authorities felt that the time that they had to spend on sourcing external funding streams could diminish the value of bidding for them, and 64 per cent agreed that the time that needed to be spent bidding for them could diminish the value of bidding. While therefore external funding is increasing in significance, the impact of the process of securing and spending it, in terms of the costs to local authorities, should not be underestimated.

### **Expenditure**

- 5.24 Local authorities were asked to set out their expenditure on cultural services, using the categories of service which form the revenue/capital outturn data submitted to ODPM on an annual basis. Mean figures by authority are set out in **Table 5.3**.

<b>Table 5.3: Cultural Services Expenditure (mean by authority)</b>				
	<b>2002/03 Outturn (£ 000)</b>	<b>2003/04 Outturn (£ 000)</b>	<b>2004/05 Outturn (£ 000)</b>	<b>2005/06 Budget (£ 000)</b>
<b>Archives</b>	420	360	329	325
<b>Heritage</b>	116	158	438	849
<b>Museums and Galleries</b>	1630	1677	1818	2091
<b>Arts Development &amp; Support</b>	1503	1538	1568	1433
<b>Community Centres</b>	398	554	645	509
<b>Foreshore</b>	208	562	529	545
<b>Sports Development &amp; Community Recreation</b>	1045	1276	1229	1277
<b>Sports &amp; Recreation Facilities</b>	3212	3299	2903	4093
<b>Open Spaces</b>	2796	2992	2835	3442
<b>Tourism</b>	598	491	451	485
<b>Library Services</b>	5323	5287	5701	6076
<b>Other</b>	1603	1989	1267	1535
<b>Cultural Services in total</b>	18852	20183	19173	22660

- 5.25 The table shows that since 2002/03, when responding authorities were spending a mean £18,852m on cultural services, expenditure has grown by a mean £3,808m, or 20 per cent, to £22,660 in 2005/06. This level of spending on cultural services means that activities are of a significant scale.
- 5.26 The areas within the cultural services block experiencing most significant growth in expenditure (over 25 per cent) were:
- museums and Galleries – which grew by 28 per cent;
  - foreshore activities – 62 per cent;
  - community Centres – 28 per cent;
  - sports & Recreation Facilities – 27 per cent.
- 5.27 One significant area of growth in mean expenditure was heritage, which experienced a rise of 630% between 2002/03 and 2005/06 (budgeted). This significant rise is from a small base however, of £116,000 per authority, to £849,000. Additionally, a review of the data provided suggests that a small number of authorities are programming major capital projects in this area in 2005/06. The effect of these outlier authorities is to significantly increase the mean spend across the period for all authorities, which explains the massive rise in spending in percentage terms. What the data does not indicate however is a similar rise in revenue spending, or indeed the source of this capital expenditure. In our experience, it is likely that large portions of this capital resource are being provided through lottery or other external funding, rather than through local authority cultural services budgets.
- 5.28 However, in four areas the level of expenditure has not matched this general trend of growth, and has in fact fallen across the period 2002-2006 (budgeted). The areas which have experienced a decline in expenditure are:
- archives – a fall of 23 per cent;
  - arts Development & Support – a fall of 5 per cent;
  - tourism – a fall of 19 per cent; and
  - other services – experienced a fall of 4 per cent.
- 5.29 The findings of the survey on arts development and support are corroborated by work done by the National Association of Local Government Arts Officers, who in a survey undertaken in February and March 2005, found that in 74 per cent of local authorities surveyed (89 in total) spending on the arts service was either at a standstill or experiencing budget cuts.

- 5.30 An important factor which may underpin the decline in expenditure on arts development is the association made between the service and the benefits it can bring. The benefits of some cultural services, such as arts development, for the general public are sometimes not as obvious as others, such as sports and leisure. These latter services are more easily associated with important issues and benefits such as health improvement and anti-social behaviour, for example. The benefits of services such as arts development for mental health, educational attainment, and general well-being, are sometimes overlooked, leading to an underestimation, from some quarters, of the importance of those services.
- 5.31 The financial data on expenditure reflects some of the findings discussed earlier, with just under a third of authorities (35 per cent) stating that they had increased spend on cultural services since Spending Review 2004. While a similar percentage of authorities (39 per cent) indicated that they were spending less on services, based on the sample here, the net effect has been a mean increase in expenditure. This may be because those investing more in cultural services, metropolitan authorities for example, are investing a proportionally larger amount than those who are now investing less (unitary authorities, most obviously).
- 5.32 It should be noted that our findings indicated that over half of all authorities indicated that they had increased the range of activity (54 per cent) and over two fifths of authorities (44 per cent) indicated that they had increased the scale of activity since Spending Review 2004, and these figures on expenditure reflect those findings.
- 5.33 Although expenditure may have fallen in some areas, this does not mean that the scale of activity has necessarily decreased. It is probable, and anecdotal evidence corroborates this supposition, that authorities are increasing the scale of activity while at the same time having to decrease the resources invested in delivering that activity.



**APPENDIX A  
QUESTIONNAIRE**





**York Consulting**



**The Impact of Spending Review 2004  
on Local Authority  
Cultural Services Spending**

**A survey on behalf of the  
Local Government Association**

**May 2005**

<b>Checked by:</b>
<b>Dated:</b>

<b>No:</b>
------------



**Contact Name:** .....

**Contact Position:** .....

**E-mail Address:** .....

**Telephone:** .....

**Authority:** .....

## INTRODUCTION

**There is no official government definition of cultural services, but the Department for Culture, Media and Sport includes the following activities:**

- the performing and visual arts, craft and fashion;
- media, film, television, video and language;
- museums, artefacts, archives and design;
- libraries, literature, writing and publishing;
- the built heritage, architecture, landscape and archaeology;
- sports events, facilities and development;
- parks, open spaces, wildlife habitats, water environment and countryside recreation;
- children's play, playgrounds and play activities;
- tourism, festivals and attractions;
- informal leisure pursuits.

**Therefore, cultural services embraces a wide range of activities that extends a long way beyond the normal associations of the word 'culture'.**

**Please complete all questions (where relevant to your authority).**

**Please return the questionnaire to York Consulting in the pre-paid envelope by Friday 17<sup>th</sup> June 2005.**

## FINANCIAL INFORMATION

- 1 What was your Formula Spending Share for the EPCS (Cultural, Environmental and Planning) block over the last 3 financial years, and your allocation for 2005/06?

	2002/03 (£ 000)	2003/04 (£ 000)	2004/05 (£ 000)	2005/06 (£ 000)
<b>EPCS FSS</b>	(1)	(2)	(3)	(4)

- 2 What was the value of all external funding for cultural services, as identified in Question 3, below, to the local authority over the last three financial years, and what is the budgeted funding for 2005/06, for both capital and revenue?

	2002/03 Outturn (£ 000)	2003/04 Outturn (£ 000)	2004/05 Outturn (£ 000)	2005/06 Budget (£ 000)
<b>Capital</b>	(1)	(2)	(3)	(4)
<b>Revenue</b>	(1)	(2)	(3)	(4)
<b>TOTAL</b>	(1)	(2)	(3)	(4)

- 3 What is the breakdown of external funding sources for cultural services to the local authority over the last three financial years, and what is the budgeted funding for 2005/06, for both capital and revenue?

	2002/03 Outturn (£ 000)	2003/04 Outturn (£ 000)	2004/05 Outturn (£ 000)	2005/06 Budget (£ 000)
<b>Lottery funding</b>	(1)	(2)	(3)	(4)
<b>Governing bodies (e.g. Arts Council, Sport England)</b>	(1)	(2)	(3)	(4)
<b>RDA Single Pot</b>	(1)	(2)	(3)	(4)
<b>European Funds</b>	(1)	(2)	(3)	(4)
<b>Other local authorities</b>	(1)	(2)	(3)	(4)
<b>Other (please specify):</b> ..... ..... ..... .....	(1)	(2)	(3)	(4)
<b>Total</b>	(1)	(2)	(3)	(4)

- 4 Please set out your expenditure within the EPCS block for the last three financial years and budget for 2005/06. These categories have been sourced from ODPM Revenue Outturn Suite data (RO5) and Capital Outturn Suite data.

	2002/03 Outturn (£ 000)		2003/04 Outturn (£ 000)		2004/05 Outturn (£ 000)		2005/06 Budget (£ 000)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
<b>Archives</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Heritage</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Museums and Galleries</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Arts Development &amp; Support</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Community Centres</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Foreshore</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Sports Development &amp; Community Recreation</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Sports &amp; Recreation Facilities</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Open Spaces</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Tourism</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Library Services</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Other (please specify): .....</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>EPCS Block in total</b>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)



## RECENT TRENDS

5. Which of the following statements most characterises your authority's approach to cultural services spending since Spending Review 2004? *(Please tick one box in each row and go to Question 6)*

	Significantly increased	Somewhat increased	Stayed the same	Somewhat decreased	Significantly decreased
<b>The range of services offered has -</b>	(1)	(2)	(3)	(4)	(5)
<b>The scale of activity has -</b>	(1)	(2)	(3)	(4)	(5)
<b>The resources invested have -</b>	(1)	(2)	(3)	(4)	(5)

6. What factors would you regard as being the most significant in influencing your approach to spending on cultural services since Spending Review 2004? *(Please tick one box in each row and go to Question 7)*

	Very Significant	Significant	Somewhat Significant	Not Significant	Don't Know
<b>Meeting the demands of statutory services within the EPCS block</b>	(1)	(2)	(3)	(4)	(5)
<b>Views of elected members</b>	(1)	(2)	(3)	(4)	(5)
<b>The need to make efficiency savings</b>	(1)	(2)	(3)	(4)	(5)
<b>Responding to CPA</b>	(1)	(2)	(3)	(4)	(5)
<b>Improving fit with strategic planning</b>	(1)	(2)	(3)	(4)	(5)
<b>Customer demand</b>	(1)	(2)	(3)	(4)	(5)
<b>Availability of external funding</b>	(1)	(2)	(3)	(4)	(5)
<b>Meeting needs of national/regional agendas</b>	(1)	(2)	(3)	(4)	(5)
<b>Council Tax strategy</b>	(1)	(2)	(3)	(4)	(5)
<b>Threat of capping</b>	(1)	(2)	(3)	(4)	(5)
<b>Other (Please specify):</b>					
.....	(1)	(2)	(3)	(4)	(5)

## CULTURAL SERVICES PROFILE

7. Does your authority have a cultural strategy? *(Please tick one box only and go to Question 8)*

**Yes**

(1)

**No – but the authority has a community strategy in which culture plays an explicit part**

(2)

**No – and the authority's community strategy does not explicitly identify cultural services**

(3)

8. Are cultural services delivered through a single department, or dispersed across a number of different departments? *(Please tick one box and go to Question 9)*

**Single department**

(1)

**Dispersed**

(2)

9. Does your authority have a Cabinet Member or Committee Chair whose portfolio responsibility explicitly includes cultural services? *(Please tick one box only)*

**Yes**

(1)

*Please go to Question 10*

**No**

(2)

*Please go to Question 11*

10. Which of the following statements best describes the level of involvement of the cultural services portfolio holder with cultural services issues in your authority? *(Please tick one box and go to Question 11)*

**The culture portfolio holder has been actively involved in the development and implementation of the authority's approach to cultural services**

(1)

**The culture portfolio holder has been involved to a limited extent in the development and implementation of the authority's approach to cultural services**

(2)

**The culture portfolio holder has had little or no involvement in the development and implementation of the authority's approach to cultural services**

(3)

11. What impact has the settlement for EPCS following the 2005/06 RSG settlement had on the importance placed on cultural services by the Cabinet (or relevant committee) and the Senior Management Team? *(Please tick one box in each column and go to Question 12)*

	Cabinet (or relevant committee)	Senior Management Team
<b>Significantly more importance</b>	(1)	(1)
<b>Somewhat more importance</b>	(2)	(2)
<b>About the same importance</b>	(3)	(3)
<b>Somewhat less importance</b>	(4)	(4)
<b>Significantly less importance</b>	(5)	(5)
<b>Don't know</b>	(6)	(6)

12. To what extent are cultural services regarded as adding to mainstream services delivered by the authority, and contributing to the achievement of the authority's corporate priorities? *(Please tick one box in each row and go to Question 13)*

	Very Significantly	Significantly	Somewhat Significantly	Not Significantly	Not Relevant	Don't Know
<b>Housing</b>	(1)	(2)	(3)	(4)	(5)	(6)
<b>Transport</b>	(1)	(2)	(3)	(4)	(5)	(6)
<b>Education</b>	(1)	(2)	(3)	(4)	(5)	(6)
<b>Social Services</b>	(1)	(2)	(3)	(4)	(5)	(6)
<b>EPCS</b>	(1)	(2)	(3)	(4)	(5)	(6)
<b>Corporate Priorities</b>	(1)	(2)	(3)	(4)	(5)	(6)
<b>Other (please specify):</b> ..... ..... .....	(1)	(2)	(3)	(4)	(5)	(6)

## EXTERNAL FUNDING

13. How has the significance of external funding for cultural services changed in the light of the 2005/06 RSG settlement? *(Please tick one box only and go to Question 14)*

<b>External funding has become more important in the provision of cultural services</b>	(1)
<b>External funding has retained the same importance in the provision of cultural services</b>	(2)
<b>External funding has become less important in the provision of cultural services</b>	(3)

14. To what extent do you agree with the following statements about external funding? *(Please tick one box in each row and go to Question 15)*

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
<b>It is difficult to maintain a strategic approach to cultural services when the availability of external funding is unpredictable</b>	(1)	(2)	(3)	(4)	(5)
<b>The time that needs to be spent on bidding for external funding can diminish the value of receiving it</b>	(1)	(2)	(3)	(4)	(5)
<b>The time that needs to be spent on sourcing external funding streams can diminish the value of bidding for them</b>	(1)	(2)	(3)	(4)	(5)
<b>Without external funding there would be a significant impact on our ability to provide cultural services to the extent we do currently</b>	(1)	(2)	(3)	(4)	(5)

## SERVICE DELIVERY

15. To what extent do you agree with the following statements about the impact of Spending Review 2004 on your authority's approach to the delivery of cultural services? *(Please tick all one box in each row and go to Question 16)*

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
We have developed approaches to delivery of services that include greater partnership working, both internally and externally	(1)	(2)	(3)	(4)	(5)
We have sought to expand the role the private sector plays in the delivery of cultural services	(1)	(2)	(3)	(4)	(5)
We have sought to expand the role the voluntary sector plays in the delivery of cultural services	(1)	(2)	(3)	(4)	(5)
We have scaled down the range of cultural services we offer	(1)	(2)	(3)	(4)	(5)
Spending Review 2004 has had no impact on our delivery of cultural services	(1)	(2)	(3)	(4)	(5)

16. In the last 12 months, has your authority introduced any new methods of service delivery arrangements for its cultural services? *(Please tick one box)*

Yes  (1) *Please go to Question 17*

No  (2) *Please go to Question 19*

17. What new delivery arrangements have been introduced? *(Please tick all relevant boxes and go to Question 18)*

<b>Leisure trusts</b>	<input type="checkbox"/>	(1)
<b>Charitable trusts</b>	<input type="checkbox"/>	(2)
<b>Public/private partnerships</b>	<input type="checkbox"/>	(3)
<b>Outsourcing</b>	<input type="checkbox"/>	(4)
<b>Other (please specify):</b> .....	<input type="checkbox"/>	(5)

18. Are these changes as a result of the 2005/06 RSG settlement? *(Please tick one box only and go to Question 19)*

<b>Yes – the changes we have made to service delivery are a direct response to the impact of the 2005/06 RSG settlement</b>	<input type="checkbox"/>	(1)
<b>Partially – the changes we have made to service delivery are partly as a result of the impact of the 2005/06 RSG settlement, but other factors also apply</b>	<input type="checkbox"/>	(2)
<b>No – the changes we have made to service delivery are not a direct response to the impact of the 2005/06 RSG settlement</b>	<input type="checkbox"/>	(3)

19. Please rank, in order of importance, the key partners and agencies that influence your approach to delivering cultural services? *(Please tick all boxes that apply and go to Question 20)*

<b>Local Strategic Partnership</b>	<input type="checkbox"/>	(1)	<b>Regional Cultural Consortium</b>	<input type="checkbox"/>	(8)
<b>Community groups</b>	<input type="checkbox"/>	(2)	<b>Other local authorities</b>	<input type="checkbox"/>	(9)
<b>Other local stakeholders (schools/businesses etc)</b>	<input type="checkbox"/>	(3)	<b>Arts Council</b>	<input type="checkbox"/>	(10)
<b>ODPM</b>	<input type="checkbox"/>	(4)	<b>Sport England</b>	<input type="checkbox"/>	(11)
<b>Regional Development Agency</b>	<input type="checkbox"/>	(5)	<b>Museums, Libraries &amp; Archives Council</b>	<input type="checkbox"/>	(12)
<b>DCMS</b>	<input type="checkbox"/>	(6)	<b>English Heritage</b>	<input type="checkbox"/>	(13)
<b>Local Cultural Consortium/Partnership</b>	<input type="checkbox"/>	(7)	<b>Tourist Board</b>	<input type="checkbox"/>	(14)
			<b>Other (Please specify):</b> .....	<input type="checkbox"/>	(15)



## CONSULTATION

20. Has your authority consulted with users regarding cultural services in the last 12 months? *(Please tick one box only)*

**Yes**

(1)

*Please go to Question 21*

**No**

(2)

*Please go to Question 22*

21. What methods of consultation have you used? *(Please tick all relevant boxes and go to Question 22)*

**Citizens Panels**

(1)

**Surveys of service users**

(2)

**Informal feedback**

(3)

**Other**

(4)

22. Has your authority consulted with partners/stakeholders regarding cultural services in the last 12 months? *(Please tick one box only)*

**Yes**

(1)

*Please go to Question 23*

**No**

(2)

*Please go to Question 26*

23. Which partners and stakeholders did your authority consult regarding cultural services? *(Please tick all boxes that apply and go to Question 24)*

**Local Strategic Partnership**

(1)

**Regional Cultural Consortium**

(8)

**Community groups**

(2)

**Other local authorities**

(9)

**Other local stakeholders  
(schools/businesses etc)**

(3)

**Arts Council**

(10)

**ODPM**

(4)

**Sport England**

(11)

**Regional Development Agency**

(5)

**Museums, Libraries & Archives Council**

(12)

**DCMS**

(6)

**English Heritage**

(13)

**Local Cultural Consortium/Partnership**

(7)

**Tourist Board**

(14)

**Other (Please specify):**

(15)

24. Which of the following statements most accurately reflects the impact of these consultation processes? *(Please tick one box and go to Question 25)*

- The consultation process has resulted in a scaling back of the range of cultural services**  (1)
- The consultation process has resulted in an increase in the range of cultural services offered**  (2)
- The consultation process has not resulted in any changes to the range of cultural services offered**  (3)

25. Please give specific examples where relevant:

- Example 1**  (1)
- Example 2**  (2)
- Example 3**  (3)

**(Questionnaire continues overleaf)**

## FUTURE ACTIVITIES

26. How significant do you expect the following factors to be in influencing the delivery of cultural services in future? *(Please tick one box in each row and go to Question 27)*

	Very Significant	Significant	Somewhat Significant	Not Significant
<b>The requirement under the Review of Public Sector Efficiency (Gershon) to make year on year savings</b>	(1)	(2)	(3)	(4)
<b>The costs of maintaining capital assets</b>	(1)	(2)	(3)	(4)
<b>Meeting the requirements of the Comprehensive Performance Assessment</b>	(1)	(2)	(3)	(4)
<b>The development of new Adult and Childrens Services directorates</b>	(1)	(2)	(3)	(4)
<b>The need to mainstream activities currently being funded through Neighbourhood Renewal Funding</b>	(1)	(2)	(3)	(4)
<b>The powers to charge for discretionary services contained in the Local Government Act 2003</b>	(1)	(2)	(3)	(4)
<b>The power to promote or improve economic, social or environmental well-being</b>	(1)	(2)	(3)	(4)
<b>The need to generate income from external sources</b>	(1)	(2)	(3)	(4)
<b>The pressure to keep council tax low</b>	(1)	(2)	(3)	(4)
<b>Increased demand for cultural services</b>	(1)	(2)	(3)	(4)
<b>The demands of statutory services</b>	(1)	(2)	(3)	(4)
<b>Changes in external funding</b>	(1)	(2)	(3)	(4)
<b>Customer demand for improved services</b>	(1)	(2)	(3)	(4)
<b>Other (please specify):</b> ..... .....	(1)	(2)	(3)	(4)



27. To what extent do you agree with the following statements about the impact of Spending Review 2004 on your future approach to cultural services? (*Please tick one box in each row and go to Question 28*)

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
<b>We are likely to reduce the range of cultural services offered</b>	(1)	(2)	(3)	(4)	(5)
<b>We are likely to reduce the scale of cultural services activity</b>	(1)	(2)	(3)	(4)	(5)
<b>We are likely to reduce the resources invested in cultural services</b>	(1)	(2)	(3)	(4)	(5)

If you would like to add any comments, please do so in the space below

**Thank you for completing the questionnaire.  
Please return the completed questionnaire either  
using the reply-paid envelope provided, or by fax to 0113 222 3540,  
or by email to [matthew.wilton@yorkconsulting.co.uk](mailto:matthew.wilton@yorkconsulting.co.uk)**

**APPENDIX B  
CASE STUDIES**



## Case Study Authority No. 1

**Case Study No. 1 is a district in the North West region of England. Although the area is largely urban, and suffers from some significant urban deprivation problems, there is also a rural aspect to the authority.**

### General Picture and Trends

The general trend is that spending on cultural services is rising, driven in this particular authority by their effectiveness in attracting external funding. For every £1 that the authority receives in core funding they are able to match with £1.50 of external funding.

The authority recognises that being an area with deprivation related problems has enabled them to bring in regeneration and renewal funding streams, among others, which has added to their spending power.

The status of the Regeneration, Community and Leisure Services Department is stable, and is seen positively by officers and members.

***“Leisure and cultural services are high on the agenda, we’re not seen as a soft option.”***

Capital spending in particular has been a growth area in recent years, with DDA related spending significant, and the use of prudential borrowing to help in the refurbishment of the authority’s leisure centres.

### Pressures

The authority is not facing any key pressures, the areas that are of most importance in their future thinking are:

- A political drive to increasing the level of rural proofing
- The need to make efficiency savings (Gershon)
- Increasing competition for supply – in the area of sports and leisure facilities, but also in the context of a large authority operated entertainments centre which is coming under increasing pressure from private sector competition

Together these pressures are significant but not critical. However, their aggregative effect means they are becoming key to future provision.

Changes in legislation resulting in the growth of the Local Area Agreement agenda is likely to add pressures to the cultural services budget, with the authority likely to sign up to deliver on children/young people and health related outcomes. The cohesion agenda is also top of the council’s priorities.

The authority is also adopting a Neighbourhood Management style of delivery, and the potential for devolution of the budget and differential service provision is also likely to be a factor in the delivery of cultural services in the future.

Until 18 months ago the demands/burdens of inspection were an issue, but following a ‘good’ rating the inspection burden has receded considerably.

### Current levels of resourcing

The authority is increasingly expected to contribute to wider agendas (such as cohesion, LAA etc). Currently the authority is able to meet the additional expenditure incurred by these agendas, although not through core funding.

***“Are we getting hard cash through EPCS allocations? No. Are we getting additional funding to help with these issues? Yes.”***

It is a concern however that while various agendas may become part of de facto delivery, the additional funding is not guaranteed.

More broadly, external and additional funding has its own drawbacks in addition to the very clear advantages. Funding is often competitive, leading to capacity demands in bidding, and time limited, or targeted, meaning that overlaps with council priorities are not always as close as might be wished. Monitoring and reporting on the use of external funding is often a drain on capacity.

There are also issues over the range of available external funding, for instance, the authority is currently accessing 26 different sources of funding linked to the green space agenda.

### Gershon initiative for efficiency savings

Although efficiency savings have been made, the department is likely to fall short of meeting its 2.5% target this year, with an expected figure of 2.2% (equivalent to £1m). Some service migration into one stop shops is planned, and a review of community centres is currently under way. The authority is also looking at joint e-procurement with other authorities.

***“Gershon efficiency savings are going to be manifested in service delivery – not a reduction in services.”***

The department’s annual report is case study based, and demonstrates a range of successful output/outcomes based project case studies.

### Barriers to a more effective use of resources

The most significant barrier to a more effective use of resources in the area reflects the two tier nature of local government, there is not a sufficiently joint working approach with the county authority to the planning and delivery of cultural services.

As noted above, bidding for and then managing external funding can be a labour intensive process, especially when there are so many pots available on a competitive basis.

## Case Study Authority No. 2

**Case Study No. 2 is a London borough authority in the West of London.**

### General Picture and Trends

Historically the authority's cultural services have not been a priority, although this has changed since around 2002. Prior to this point, from around 1998, the focus was on improving statutory services such as education and social services. Since 2002 the administration has invested additional funding in cultural services, with key teams rebuilt after a period of inactivity (Arts Development for example).

Looking forward, income for cultural services is expected to remain fairly static, with the growth of the last three to four years unlikely to be replicated. Within this broad picture it is likely that some specific areas/initiatives will still be targeted for expansion however.

### Pressures

Some of the pressures the authority is currently facing include:

- Condition of building stock
- Meeting national agendas and related targets – refocusing services to tackle new issues
- The upskilling of staff within the constraints of low growth

### Current levels of resourcing

As noted above, although levels of resourcing through central government are likely to remain fairly static in the foreseeable future, the authority is confident that through innovative approaches to service delivery and joint working with both internal/external partners, it can continue to offer a high standard of provision across the cultural services portfolio. Officers believe that the presence of a cultural block within the CPA process is a positive element in helping to focus on cultural services.

***“We have been very creative in how we’ve used funding to deliver and improve services.”***

The authority has an excellent record in attracting external funding, through a range of sources, including HLF, Lottery funding, Arts Council, and PFIs. The diversity of the local population also helps to attract external funding. However, although the authority is good at attracting, bidding for and delivering external funding, it can be a drain on resources. Additionally, the authority supports the community and voluntary sector in bidding for funding.

The regeneration of a major sporting venue in the area is seen as a prime opportunity for all local cultural agencies to work together to deliver a range of provision – not just sport associated.

### Gershon initiative for efficiency savings

A range of initiatives dealing with efficiency savings have been investigated and in some cases initiated, although Gershon is not considered as any more of a pressure on finances than the other pressures facing the cultural services. In part, this is because the authority does not perceive it as a new agenda, having been committed to efficiency in delivery. Officers recognised that it was easier to make a cut than to achieve efficiency savings, but this was not the way delivery was addressed.

The authority is involved in a regional procurement initiative, which aims to make savings by delivering economies of scale in the procurement process, and also works with partners to share agency staff when required.

Historically, some of the authority's services used to be devolved into small specialist business units which contributed to duplication and inefficiency in resource management. Over time the infrastructure has been amended to eradicate these inefficiencies and provide a more centralised approach.

## **Case Study Authority No. 3**

**Case Study No. 3 is a unitary authority in the East of England.**

### General Picture and Trends

The trend is that funding is generally decreasing, the bulk of government funding is passported through to major service areas such as education and social services, so there is no real growth in other areas such as cultural services.

Additionally, there is limited member focus on some of these services, the priorities are to maintain the key (statutory) service areas, and to keep council tax low.

### Pressures

The key pressures are both internal and external. As noted, government funding is not sufficiently large to provide growth across all service areas, and unless priorities are re-aligned it is unlikely that the current internal allocations are going to change – the key focus will remain on core statutory services.

Equally, cultural services are providing some services which they find difficult to justify, but which there is a considerable political will to maintain. Therefore the focus for efficiency savings and budget reductions has been on reducing administrative and management posts, which has been done year on year. There will however be a point when this is not feasible because it will impact on service delivery.

The CPA process and performance management in general can work two ways with discretionary services, they can be used as a tool to lever in support for resource allocations from members, or they can be seen as a justification for withdrawing from services (depending on the political will to do so).

Where PIs/CPA relating to cultural services correlate with corporate priorities this is useful to the department, and can be used to advocate their role. In the past the delivery of sport related services within the department has been a focus for cuts, the role of Sport England in the new CPA process may protect this area.

### Current levels of resourcing

There is a need to deliver value for money and reduce waste, and this is something the department is working towards, and has been for some time. Once this process is completed then it will be easier to make an assessment of the sufficiency of current levels of resourcing.

There is a recognition that there is never enough money to do all that the department would wish to do, but in the prevailing climate, both nationally and locally, there is a need to demonstrate efficiency as part of making a case for increased resources.

### Gershon initiative for efficiency savings

Gershon is not a particular factor, as noted above, the department is already working to reduce waste and inefficiency. The department has a strong record of seeking innovative solutions and practices, for example in the use of technology and remote access, which has been developed to reduce the need for buildings and the associated maintenance costs.

#### Barriers to a more effective use of resources

The principal barrier to a more effective use of resources is the need to reduce inefficiencies, which once complete will then allow the department to judge how adequate/sufficient the current level of resourcing is.

Within the authority there is a challenge to be overcome in that some measures which would increase efficiency require either one-off costs, or a longer term investment, which may not be immediately palatable to Elected Members or the public. The department conducts a large amount of public consultation, whether related to the expansion or withdrawal of services. The time lag of policies being implemented to results achieved is also a barrier – for example it has been suggested that leisure services could be transferred to a trust arrangement, which may save in the region of £400k p.a., but this would take a minimum of 18 months to implement, so savings would not be realised for approaching two years. There may also be upfront costs associated with the negotiation and transfer process.

#### Capacity Issues

Increasingly, given the use of technology, staff are being asked to deliver services in a different way. In sports centres, the traditional staff support function is being phased out, and new roles established which work alongside technologies such as e-purses, swipe cards etc. Staff training is a key part of the ongoing work of the department, and is factored into planning decisions.

## Case Study Authority No. 4

**Case Study No. 4 is a unitary authority in the North West of England. The authority was rated 'Excellent' in the CPA process.**

### General Picture and Trends

The scale and range of activities is generally decreasing, as are the resources invested. The likelihood is that the authority will reduce all of these further, due to a range of factors. The trends in main programme funding are definitely downwards, despite the fact that cultural services are increasingly being recognised as delivering against council priorities and also national priorities and initiatives. In the last 5 years the value of the portfolio has declined by £3 million.

There are indications that, through targeted development work, the profile of the department may improve in the medium term. However, this does not extend to support for core services.

### Pressures

The department is under pressure to reduce waste, but the scope to 'cut fat' from the bureaucracy has largely been eliminated over successive years, they are now looking therefore at reductions in services.

Although members are very supportive of the cultural services agenda, the department tends to struggle when it comes to funding because of their cross-cutting nature, with the effect that it can be difficult to make their voice heard at key levels. The priorities of the authority are Education and Social Services, although the latter is now commissioning the department to do various work including working with disabled children. The Education department has recently commissioned them to help put sports coaches into schools, and support school sports co-ordinators.

### Current levels of resourcing

As noted above, levels of resourcing are not adequate to provide the full range of services the department would like to offer. The scope to 'cut fat' from the service has now been eliminated, so on current levels of resourcing reductions in services are being considered.

One option which the department has considered in the past to counter the low levels of resourcing is the creation of a leisure trust, but this was not supported by members, as it was not perceived to offer significant benefits.

Partnership working and bidding for external funding are a key part of the department's approach to resources. As noted above, the department works in partnership with other departments, and also works with the local PCT, helping them to deliver physical activities for a range of age groups. The department adopts an opportunistic approach to bidding for external funding,

### Gershon initiative for efficiency savings

The Gershon initiative is not a particular pressure, in that:

**“We’ve always run a tight ship, with a good record of delivery. We’ve always had to think and run as a business.”**

### Capacity Issues

The authority is quite ‘mean’ about salary levels in some areas, which may be a problem in the future. Salary levels may have to rise in order to attract and keep suitable staff. Buildings and other assets are also in a generally poor condition, and investment or rationalisation is likely to be necessary to raise standards in this area.

Because the authority is rated excellent they are only subject to a light touch inspection regime. The development of new indicators relating to cultural services as part of the revised CPA process may stimulate an increased recognition for culture and some protection of resources.

## **Case Study Authority No. 5**

**Case Study No. 5 is a unitary authority in the South East of England.**

### General Picture and Trends

Cultural services has seen significant reductions in budget in recent years, on average the department has lost 4% of its budget in each of the last 3 years, with this year potentially the most severe, with a possible reduction of 10%.

The department is seeking to tie in discretionary elements of cultural services into the delivery of statutory elements, for example, linking to adult and community learning.

### Pressures

The focus of the authority as a whole is on the key statutory services such as education and social services, where the authority is currently spending above FSS allocations. These services are all being protected at the expense of cultural services and other discretionary elements of service provision.

The authority is also committed to keeping council tax rises below the rate of inflation, as a consequence of which discretionary services in particular are being squeezed.

The maintenance of buildings is becoming an increasing burden to the department, at the moment they have enough capital resources to maintain their assets at a low level, but this will in time mean the gradual deterioration of buildings. In the future the department is likely to outsource buildings in particular.

The authority suffers from two particular local issues. Demographically the area already contains a disproportionate amount of older people, and this group is predicted to rise by a further third in the medium term. This group is less likely to take up elements of cultural services provision, especially sport/leisure. Due to the location of the authority, and the geography in which it sits, the authority also has to respond to claims under the Treasure Act, which can be an unpredictable drain on resources.

As an example of how authorities can become involved in broader, often national initiatives, which then do not maintain levels of resourcing – the department is now having to fund infrastructure put in place for the People’s Network, as central government support for this initiative has now expired, but the public still expects the service to be maintained. Additionally, although cultural services are often involved in helping to deliver broad initiatives, but lead departments tend to take the linked resources through central government, while cultural services do not receive any income. An example of this is the promotion of health and well-being, in which cultural services are capable of playing a key part, and contributing to the reduction of partner budgets through preventative work, but for which the department would not expect to see any direct resourcing.

### Current levels of resourcing

As noted above, levels of resourcing are not adequate to provide the full range of services the department would like to offer.

The department uses external funding to fulfil a range of needs. For example, although the arts development unit is staffed by 6 FTEs, only one of these is funded through the authority, with the remainder funded through external sources. However, the department faces some of the common difficulties in relation to capacity to bid for, manage and deliver external funding.

#### Gershon initiative for efficiency savings

The department is always seeking way in which to improve efficiency, senior staff levels within the department have been reduced by 10 in the last two years, but this does have an effect on the capacity of management and delivery.

#### Barriers to a more effective use of resources

The move to medium term planning has alleviated some of the original barriers to a more effective use of resources, the standard one year planning and budgetary cycle did not allow enough scope for planning efficiencies.

## Case Study Authority No. 6

**Case Study No. 6 is a metropolitan authority in the Yorkshire and Humberside region.**

### General Picture and Trends

The general trend in terms of cultural services spending is buoyant, particularly on the capital side. There has been a programme of significant refurbishment across venues, and major capital projects such as a new theatre/conference venue, new museum, and major sporting complex are either in delivery or in the planning stage.

Spend on revenue is bearing up, although considerable efficiencies are having to be made and it is likely that in the future cuts of some nature will be required.

Grant funding is largely at a standstill, although a 2-3 per cent increase is predicted for this year.

### Pressures

There are a range of pressures currently affecting the delivery of cultural services and how delivery is being planned for in the future. The department's energy charges have recently risen by 34 per cent, which is the equivalent of £1 million.

There is a considerable private sector presence in the area, especially in the sport and leisure field, with a number of private health & fitness clubs. This has an impact on the authority's approach to provision, both in terms of scale and quality. The sport department is focusing on the role that sport can play in cohesion and social inclusion, health and well-being, rather than competing with the private sector purely on provision.

Price setting is a pressure both in relation to sports facilities and other cultural facilities (conference venues, hire of theatre etc). The department is very conscious of the market rate and how much they can afford to charge users.

### Current levels of resourcing

Contributing to the delivery of broader national and local agendas is something the department has actively been involved in over a considerable period of time, and it has established excellent relationships with a range of partners, including other departments within the authority, and a range of partners externally. These include both local communities and specific cultural entities such as a high profile ballet company and opera company who are based in the city. The department links into the work of other departments on cross-cutting themes, and this is reflected in financial terms.

### Gershon initiative for efficiency savings

The idea/principle behind the Gershon initiative is not a new one to the department or the authority at large, and the department has been involved in planning to reduce inefficiency for some time. Gershon is more a change in perspective and in ways of articulating/reporting the processes of efficiency savings.

The department is working on a range of proposals and schemes to deliver further efficiencies, for example, the commercial conference provision is benefiting from the grouping of individual venues through a unified booking and marketing process. The department also approaches delivery through a corporate management style, eliminating duplication and improving communication across the department.

#### Barriers to a more effective use of resources

The department is working to eliminate barriers to effective resource use through a range of methods. One of the key methods is the use of robust challenge processes to test how and why services are delivered, which should result in more efficient delivery.

The department is also looking to test the range of powers available to them for trading/profit-making, in seeking to establish how much freedom they can have in the market place.

#### Capacity Issues

The capacity issues facing the department of course include staffing capacity but are also more about the physical infrastructure such as buildings. Asset management is a constant struggle for the department as there is a limited revenue stream for maintenance and upkeep.

## Case Study Authority No. 7

**Case Study No. 7 is a metropolitan authority in the Yorkshire and Humberside region.**

### General Picture and Trends

The trends in both funding and expenditure are largely static. The authority, and the department in particular, is subject to a significant annual debt repayment, which limits the amount of resources that can be invested directly in service delivery. Despite these limitations on finance however, the authority remains fully committed to the development of cultural services.

Because of these issues, the department has consistently adopted an inventive approach to attracting other funding from external sources, although there are disadvantages to this kind of funding, as it tends to be for short term programmes which require innovative exit strategies.

### Pressures

A key pressure for the department is the servicing of a significant debt, resulting from the staging of a major international event in the 1990s. This means the annual budget for the department is effectively halved at source. Existing commitments also mean the department has limited scope for flexibility when it comes to directing funding.

Similarly, opportunities to invest/support smaller cultural/creative entities are limited. Although the department is involved in well-established and highly successful partnerships with some large and high profile cultural partners, this means the opportunity and the resources to engage with smaller entities have historically been limited.

Although a strong legacy of cultural and sporting venues means the authority is well placed to meet the needs of the general public, a lack of marketing capacity and expertise within the department means that awareness and usage of the significant opportunities on offer is perhaps not being maximised. For example, cultural tourism is an area the department is keen to increase its involvement with, but does not have the capacity and expertise to engage and maximise its opportunity.

**“Marketing is often the first area to get scaled back, but it is one of the most tangible in delivering results.”**

The new CPA inspection is likely to have a significant impact on the department, although it is viewed as an opportunity, rather than a threat. The Local Area Agreement agenda is also likely to be influential, a new Culture Board has been created as part of the LAA family of partnerships, which is seen as likely to have a beneficial effect by raising the profile of culture and improving links with key partners.

The authority is devolving some power and responsibilities to local panels, which the department sees as both challenging (in terms of having to work with a number of smaller neighbourhoods) but also potentially beneficial, by bringing cultural services closer to the public. As an example of this, the authority is currently operating a cultural pathfinder project, which is integrated into the neighbourhood renewal agenda in the area, and which provides an exemplary model for further local integration.

### Current levels of resourcing

Current levels of resourcing are not sufficient to meet either the department's own aspirations or the Government's objectives. As an example, the new CPA standards for libraries set out an objective for increasing opening hours, something the authority is keen to do, but does not have the resources to afford. The costs of meeting the required standard in a year's time would be £500k. Some kind of specific funding, linked to meeting CPA objectives, would be invaluable in helping the department to meet these valuable aspirations.

### Contributing to wider agendas

The department has long had a strong focus on how culture can contribute to wider local and national agendas, and these contributions have been linked to budgetary considerations. For example, the department leads on LPSA 2, working with a range of partners such as PCTs and local GPs.

There is not always however a very clear funding line for some of these agendas, especially nationally directed ones. The department has to constantly demonstrate the value and effectiveness of their input, as while culture tends to be specifically written into such strategies, it is not always specifically credited in terms of funding for its contribution. For example, the tourist board is focusing on the role that the department can play in offering cultural tourism, but is not recognising this with financial support.

### Gershon initiative for efficiency savings

The department has historically had to refocus and change because of a lack of core funding, therefore choices have been made of a period of time in order to shift resources and re-engineer processes to provide greater efficiency. The impact of Gershon has been to formalise this process and subject it to greater scrutiny, something that is welcomed by the authority.

One of the themes of Gershon is perceived to be the drive to move resources out of 'back office' functions and into front line delivery, but the department is totally delivery orientated, and has a minimal back office function, especially at the senior management level.

### Barriers to a more effective use of resources

The department uses the resources available to it phenomenally well, it is now a case of moving further towards long term resourcing and building the service core back up, and especially ensuring that innovative approaches are sustainable in the long term.