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Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London SW1A 0AA

21 April 2023

Dear Chair,

Eighth report of session 2021-22 - COVID 19: Culture Recovery Fund

On 23 June 2021 the Public Accounts Committee (PAC) published a report on "[COVID 19: Culture Recovery Fund](#)".

This letter responds to Recommendation 5b in the report:

- 'Once its evaluation is complete, what it will do to apply lessons to achieve value for money from its Culture Recovery Fund spending for the whole sector including sub sectors that may have been missed.'

Our predecessor wrote to you at the end of last year to inform you that this target implementation date had moved back to winter 2022-23, and this was reflected in the [Treasury Minutes Progress Report](#) published in early December 2022. Our predecessor also outlined that our proposed approach to implementing this recommendation is that in parallel to the [publication of the evaluation of the Culture Recovery Fund \(CRF\)](#), the Department for Culture, Media and Sport (DCMS) would write to the Committee in setting out lessons learnt from the process.

The evaluation has today been published and we attach to this letter a copy of the report, and an accompanying management data release. Informed by the evaluation, this letter sets out our response to Recommendation 5b from your 2021 report on the Culture Recovery Fund.

Recommendation 5b

Since August 2020, the package of measures branded under the CRF package has distributed over £1.5 billion to around 5,000 organisations and sites across the country, including funding for the national museums and galleries. The package has given a lifeline to regional theatres, local museums, independent cinemas and many more. A portion of the initial CRF package was ring-fenced to help a number of DCMS-sponsored arm's length bodies offset the financial impacts of



COVID-19. The allocation of this funding was handled separately to the competitive grant and loan scheme elements of the CRF.

To assess the effectiveness of the CRF in achieving its objectives, how it was delivered and the extent to which the CRF was implemented as intended, DCMS commissioned an evaluation of the CRF grant and loan schemes. The evaluation found clear indications that the CRF:

- Strengthened recipients' finances, improved their resilience and raised their survival prospects;
- Increased economic opportunities and supported employment opportunities; and,
- Achieved low levels of fraud and maladministration.

The report was published today, 21 April 2023, and its findings can be read in full online. We have also attached a copy for your convenience, and copies of both the evaluation, and the management data being released today will be placed in the libraries of both Houses.

Value for money (Sub-sectors)

The CRF was set up in unprecedented conditions to deliver emergency funding to organisations across the cultural, heritage and creative sectors facing imminent risk of financial failure. This includes ensuring the viability of a wide range of sub-sectors that make up the sector. As demonstrated in our management data released today - of the total funding awarded through the CRF grant and loan schemes:

- Over £50 million was invested to support the visual arts;
- Over £32 million supported the dance sector; and
- £9.5 million was spent to support the literature sector.

The most conspicuous figures are the nearly £300 million to support heritage, nearly £250 million for music, and nearly £290 million for theatre. These figures give a flavour of how broad the Culture Recovery Fund was, and the wide range of sub-sectors covered. As set out in the Treasury Minutes of September 2021 in response to recommendation 4, the government does not agree that there were particular cultural sub-sectors which were unsupported by the government during the pandemic.

Access to CRF funding for all sectors covered by the CRF, was contingent on applicants meeting the rigorous eligibility criteria. Organisations were only funded where they could show that this money was essential to their survival, that they were financially viable prior to the pandemic, and that they offered irreplaceable cultural and creative value on a local, national or international level. Targeting CRF money in this way has ensured funding has gone where it is most needed. It has supported the entire sector by reinforcing its complex ecosystem of supply chains - funded organisations included both public-facing organisations at the end of the cultural supply chains *and* organisations further up those supply chains.

Government support for cultural sub-sectors went beyond the CRF - and therefore it needs to be seen in the round, alongside other interventions such as the Coronavirus Job Retention Scheme, and the Coronavirus Business Interruption Loan Scheme. Our arm's length bodies ("ALBs") also

instituted programmes to support particular sectors during this period - as just one example, Arts Council England have run a scheme entitled Supporting Grassroots Live Music (SGLM) for which an evaluation has recently been published. The fund is designed for organisations - including venues and promoters - with little or no prior experience of public funding applications. The scheme was launched in 2019, and the evaluation states that since then Arts Council England have invested £7.23 million, via 378 grants for venues and promoters.

Equally, efforts to ensure that the benefits of this investment are maximised in the long term must include non-CRF recipients in its scope. As outlined in our predecessor's [letter of 17 December 2021](#), the department is committed to ensuring value for money from its investment for the whole sector through:

- Supporting the sector through the key challenges to sector recovery;
- Sector advocacy; and,
- Realising the future cultural and economic impacts, including for export, from its investment.

Some recent policy announcements will also likely support the long-term impact of the CRF investment, such as the higher rates for the Theatres, Orchestras, and Museums & Galleries Tax Reliefs.

Support for individuals

Beyond specific sub-sectors, we are aware that the PAC is interested in the CRF's impact on, and wider government support for, individuals. As our predecessor noted in her letter of 30 September, the government did not make the CRF open for individuals to apply for. This policy decision was due to the existence of a pan-economy scheme open to the self-employed in every sector of the economy, the Self-Employment Income Support Scheme (SEISS).

However, Arts Council England is strengthening its support for individual creatives and practitioners to help them adjust to the post-pandemic landscape. For example, in 2021/22 the Arts Council significantly increased the budget for their individuals programme "Developing your Creative Practice" to £21.1 million compared to the £2.9 million spent in the 2018/19 financial year. They also provided £1.5 million to benevolent funds delivered by "a-n" The Artists Information Company, Help Musicians, and Theatre Artists Fund to support freelancers impacted by the surge of the Omicron COVID variant over the 21/22 winter period.

During 2021/22, the Arts Council invested £28.6 million in individuals through National Lottery Project Grants (NLPG) and is giving targeted advice to support NLPG applicants who have not previously applied for funding. In addition, the Arts Council is providing staff capacity, training and resources to help ensure the creative sector's freelancers are more representative of the country, in terms of protected characteristics and socio-economic background, and that these freelancers are able to enter the industry and develop and sustain careers.

Evaluation recommendations

The CRF evaluation proposed several recommendations, aimed at ensuring value for money. These were not addressed in the December 2021 letter from our predecessor, as those

recommendations had not been finalised or published at that time. The department's plans to implement these are as follows:

- Make wider use of funding instruments beyond grants: Arts Council are continuing to explore how they might use its current mechanisms to make alternative and innovative financial investments. They are also continuing to explore and research what support the sector needs for touring.
- Have revised and better sub-sectoral data, intelligence and relationships for ALBs and DCMS: DCMS continues to work closely with leading organisations within these sectors, as well as industry representative organisations, in order to build and maintain its understanding of the sectors it supports. For example, during the pandemic we had access to good quality and timely data on theatre ticket sales from Purple Seven Analytics, and are working to improve how we work with partners to gather data and quantitative evidence from the sectors.
- Consider having a standing cadre of appropriate people to call upon to serve on future independent/advisory boards: DCMS has and continues to maintain close working relationships with experts from across industry and academia. We are confident that we are able rapidly to convene the right skill set for the task at hand by drawing from the expertise and networks of our ALBs as well as DCMS, while being mindful of the need for diversity of views and our duties under the Public Sector Equality Duty. Recent examples of expert advisory groups include:
 - The Culture Recovery Fund Board;
 - The [Cultural Renewal Taskforce](#);
 - The Entertainment and Events working group
 - The Venues Steering Group;
 - The [Creative Industries Council](#);
 - The [Expert Advisory Panel for the National Plan for Music Education](#); and
 - [Culture and Heritage Capital Advisory Board](#)

The department will continue to utilise high quality relationships with experts, in either an advisory capacity or to draw upon their networks where appropriate.

- Maintain close working relationships between the ALBs: The CRF has provided a unique opportunity for increased joint working between several of our key ALBs. The key lesson learnt from CRF is the value of this collaboration, and this is being maintained in current and future work:
 - **Cultural Development Fund (CDF)**: DCMS works with a number of non-departmental public bodies and other organisations from across the cultural and creative sectors including National Lottery Heritage Fund, Historic England, and the Creative Industries Council to assess applications to the Cultural Development Fund.
 - The DCMS-funded **The Museum Estate and Development Fund (MEND)** programme is delivered by Arts Council England, but with deep integration with other ALBs, Historic England and National Lottery Heritage Fund.

- As part of the £3.6 billion **Towns Fund**, DCMS ALBs came together to form four regional Area Towns Groups (ATGs) covering the North, South, East, and West, which act as a coordinated 'single point of contact' for places in need of guidance on project strategy, development, and delivery. These groups are now well-established for engaging with places and sharing intelligence, and through them, the ALBs were able to provide expert comments on relevant culture, heritage, and visitor economy bids for both the first and second rounds of the £4.8 billion **Levelling Up Fund**. Indeed, building on these groups a partnership of DCMS ALBs - including Historic England and Arts Council England - will be supporting the delivery of culture and heritage Levelling Up Fund projects, through DLUHC's announcement in January that it is making up to £65 million of wider support available to successful applicants to the Fund. This will enable these ALBs to provide coordinated strategic support to Local Authorities. ALBs are able to work together to recognise and drive cross-sector dependencies and opportunities, achieving economies of scale and building an authentic place-based offer for residents and visitors that is greater than the sum of its parts.
- The **Historic Environment Forum**: DCMS ALBs, including Historic England and the National Lottery Heritage Fund, come together with other heritage bodies to engage on key strategic matters for the sector - as set out in their [Strategic Framework for Collaborative Action 2020-25](#); and,
- **The Heritage Council**: which will support government in the implementation of heritage policy in England and bring the sector's issues, challenges and opportunities to the attention of government such as planning, environmental protection, social and economic development, education, health and wellbeing.
- More broadly, DCMS and its ALBs are now routinely collaborating to consider the challenges faced by the relevant sectors, such as increasing operational costs.

It is this government's view that culture must be for everyone. Ensuring organisations can continue to bring culture to communities across the country, support jobs, boost local economies and inspire people, would not have been possible without the CRF.

DCMS will continue to support the sector through post-COVID recovery, in order to maximise the benefits of the fund. The evaluation shows that supported organisations are in a far stronger position to tackle the challenges ahead, and the delivery of the CRF and experience of the pandemic has transformed (positively) DCMS's and its ALBs' relationships with our sectors. This is something we hope to maintain as we deliver for the government. In particular, as the government makes progress with levelling up, we will continue to place creativity and culture at the heart of sector recovery across the country.

Yours sincerely,



Ruth Hannant and Polly Payne
DCMS Permanent Secretaries