

A&B

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Arts & Business *Scotland*

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Dear James

I enclose the submission from Arts & Business.

I am trying to track down any work we have done in the past on tax incentives and will pass whatever I can find on.

When I was in London I happened to meet David Pratley, an arts consultant, who said that the Scottish Executive commissioned him a year or so ago to give them some alternative models to the SAC based on those in other countries which he did. Not sure if you have been given that work but, if not, could be useful to look at.

I also met Graham Devlin, another arts consultant, and was discussing some of the issues around the Review with him. If at any stage you were looking for someone from outwith Scotland to brainstorm or test any thoughts on possible structures then David or Graham would be excellent choices (though with a cost!). Both have worked inside and outside the funding structures (at upper levels of Arts Council of England), done work on international comparisons and consultancy work in Scotland so know the scene to some extent. If you wanted contact details I have them.

Yours sincerely

Barclay Price
Director

A&B is the world's most successful & widespread creative network. We help business people support the arts & the arts inspire business people. Use our good business

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CULTURAL COMMISSION – RESPONSE FROM ARTS & BUSINESS

INTRODUCTION

Arts & Business (A&B), formerly known as The Association of Business Sponsorship of the Arts (ABSA), is a UK business membership organisation with charitable status. It was set up over 25 years ago and has had a Scottish office for almost 20 years. Our vision is to help build communities by developing creative partnerships between business and the arts.

A&B is unusual in having a remit that covers the whole cultural sector - performing arts, literature, visual arts and crafts, museums, heritage and film. To this extent we might be a model for new structures in the future.

Our business remit ranges from large to micro business, and includes the public sector where appropriate.

The Scottish Office consists of six and a half staff and is funded by membership subscriptions from over 50 businesses and over 130 arts organisations, and by grants from the Arts Council of England, Scottish Arts Council, Scottish Museums Council, Scottish Screen, HI-Arts and the Scottish Executive.

Our experience in linking together arts organisations and businesses to create successful and hard-working partnerships is unrivalled. Our team offers consultancy on all aspects of Scotland's arts, museums and heritage, and on imaginative ways that business can work with the arts to benefit both. We offer advice on sponsorship, art collections, performances in the workplace, and using the arts within business for training and staff development.

CULTURAL RIGHTS FOR THE CITIZEN

There is a strong case for cultural entitlement extending to the business sector, since companies pay tax for services and currently employ over two million people in Scotland.

We are pleased that the Commission is seeking the views of the business sector given the role it plays in supporting cultural development. The business sector annually gives £8 million to the cultural sector; senior business people give time and expertise as board members and volunteers on the A&B Professional Development Programme; and employees are existing and potential audiences/participants for culture.

While we believe A&B has been successful in promoting the arts to the business sector, with such a small team and limited resources what we are able to deliver is limited. Therefore it is essential that Ministers, the Scottish Executive, local authorities and funding agencies play their part in advocating the importance of culture to business.

While many businesses support cultural activity, it must be recognised that this is done for specific business purposes and should not be seen as mandatory. Support for culture is the responsibility of national and local government. While there cannot be any requirement for business to support the arts, there are mechanisms which could encourage more money and in-kind support from business for cultural activity and these are referred to below.

Recommendation

That the Cultural Commission recognise the role of business, both in the corporate and public sector, as a partner in cultural development, and note that cultural entitlement extends to those who work within businesses.

EDUCATION

The arts have an important role within education in providing young people with the necessary confidence and creativity to meet modern employment needs. According to a recent poll at a CBI Conference, 80 per cent of business leaders said that UK plc would gain a better quality workforce if people had exposure to the arts when they were children.

Research on arts education in secondary schools in 2000 stated that there are ten clear positive outcomes attributable to the arts, which include the development of creativity and thinking skills, enrichment of communication and expressive skills, effects on the culture of school and community, and advances in personal and social development. These are exactly the skills that are required for a future workforce; and ensuring that all pupils engage with the arts is therefore essential.

Recommendation

That the arts to be a major component of nursery, primary and secondary education to help provide a creative and self-confident future workforce.

THE INSTITUTIONAL INFRASTRUCTURE

Creating a positive climate

Whatever structure is put in place to support and develop the arts, we would argue that one of its prime functions should be advocating the importance of the arts to all sectors within Scotland, including business. Government, agencies and the cultural sector itself must work more effectively together to promote to the business community, and other non-arts sectors, the importance of the arts to Scotland's social and economic life.

The Scottish Executive's creation of a National Cultural Strategy, last year's St Andrew's Day speech by the First Minister and the setting up of the Cultural Commission are excellent signals that the Executive see the arts as being of value. This supportive political environment needs to be sustained and augmented. One clear signal is the level of resources given to culture. Thus we would hope to see the Executive underpin its messages of support by a significant increase in central government funding for cultural development. Our belief is that this would strengthen the context for business support rather than weaken it.

The cultural sector works hard to encourage business to support cultural development, but such work can only be successful if it takes place within a context in which government, agencies and the cultural sector itself provides strong positive messages about the role of the arts. Sponsorship of the arts, and other forms of business engagement such as volunteering, requires a positive cultural environment and a well-supported infrastructure.

Providing an appropriate local social infrastructure

There is extensive evidence that the cultural life of a region is a key factor in attracting businesses to set up in specific locations, and in retaining and attracting senior managers. Even where the individual does not engage regularly with the arts, a diverse arts scene is considered essential for the individual's family.

Cultural organisations – social enterprises

It is our view that the majority of cultural organisations come within the broad heading of social enterprises which is of current interest to the government, and the many businesses with a Corporate Social Responsibility agenda. However, few cultural organisations within Scotland are part of the broader voluntary and community sector. The cultural sector should be identified as being an important part of the social enterprise network and greater links between the cultural sector and other voluntary and community sectors encouraged.

Role of Arts & Business

Given A&B's advocacy of the significance of culture to the business sector, and its capacity building work with cultural organisations, A&B should continue to be a key strategic part of the institutional infrastructure to support the development of a citizen-led culture. A&B had developed effective models for advocacy, incentive funding, board training and business volunteering, and there is an opportunity for this work to be developed and expanded to benefit the whole cultural sector.

While A&B is unusual in having a remit that covers the whole cultural sector, the discrepancy in funding available to the different cultural sectors means that at the moment its services are not equally available to all, e.g. the heritage sector. Therefore we would make a case that A&B should have a direct relationship with, and receive its funding from, one source. Unless there is a new body embracing all cultural sectors, then the source of our funding should be directly from the Scottish Executive.

We also think that the anomaly of A&B's Scottish work being to a large part funded by the Arts Council of England should end, and the ACE funding be replaced by Scottish Executive support. This would ensure that the strategic context for A&B's work in Scotland fell within the Executive's National Cultural Strategy.

There also could be a role for A&B Scotland in developing sponsorship from outwith Scotland for Scottish activity at home and abroad. A&B's expertise could be used in missions to other countries to stimulate interest in Scotland's culture and in partnership with key agencies, such as Event Scotland and the British Council, help promote Scottish opportunities to the corporate world whose headquarters are in London and abroad.

Recommendations

That all levels of government positively advocate the role of culture in economic and social development.

That there be a geographic spread of appropriately funded cultural organisations as part of the community infrastructure required to retain and attract businesses and employees.

That the cultural sector be identified as an important part of the social enterprise network and encourages greater links between the cultural sector and other voluntary and community sectors.

That Arts & Business Scotland continue to deliver and develop its services to the cultural sector, and that the required level of funding be provided by the Scottish Executive to ensure that this work is available equally to all sectors of the cultural community.

That the expertise of Arts & Business Scotland be used by other agencies to develop funding from outwith Scotland to support cultural development.

BUSINESS SUPPORT FOR THE ARTS

While everything should be done to encourage business to support cultural activity and organisations, it must be recognised that such support needs to be linked to clear business objectives for it to be acceptable to shareholders. Therefore business support for culture can never be mandatory.

Sponsorship adds value. Whether it be to assist greater ambition in programming, an extended audience reach, or wider engagement with identified groups such as young people or the socially disadvantaged, sponsorship can only be successful if it is allied to a robust and energetic organisation. It is for central and local government to ensure organisations are funded to an appropriate level so that they are able to develop appropriate sponsorship partnerships.

Sponsorship development requires expertise and time. The sponsorship training and support provided by A&B should continue as training needs to be repeatedly delivered, and skills continuously improved. Few cultural organisations have specialised development staff to undertake this work and the competition from other better paid sectors for development staff is making it more difficult to recruit such expertise. It is regrettable that cultural sectors which might be of particular interest to sectors of business from a community aspect are those most under-resourced to make the case. An example is the Arts & Disability sector.

Funding agencies often have over-ambitious expectations of the level of funding cultural organisations can raise through business sponsorship. While A&B believes that with positive supportive messages about the importance of the arts more sponsorship can be raised, it is unlikely that the amount available within Scotland will be significantly greater than around £10 - £15 million during the next five years.

Incentives for business to engage with the arts work. Forms of tax incentive, and other forms of sponsorship incentive, which operate elsewhere in the world should be investigated.

There is a strong wish in the Scottish cultural sector for the re-instatement of the sponsorship incentive Pairing Scheme, which worked successfully here for over a decade. The rules for such a scheme would need to be considered to ensure that it encouraged the widest range of cultural organisations and cultural development throughout Scotland, a sponsorship incentive fund would be a valuable tool. The success of A&B's current Arts & Disability Pairing Scheme, which has received support from the Scottish Executive and the Scottish Arts Council, in encouraging business sponsorship to a sector which traditionally has fared poorly, shows the potential for a targeted use of Pairing Scheme funds. Discussions with Dundee, Stirling and Ayrshire, for example, have indicated that pairing scheme funds also could be a valuable tool to stimulate business engagement with local cultural development. This could help move Scotland towards the US model where local business values its community cultural sector.

The First Minister called on other sectors of government to use the arts to meet their strategic objectives. One potential aspect of this of relevance to the work of A&B is sponsorship for brand and corporate entertainment purposes. There have been some recent examples of public sector organisations sponsoring the arts as brand marketing and it would be useful for this to be endorsed as permissible when appropriate.

Recommendation

That the Scottish Executive work with the DCMS, with advice from Arts & Business, explore the use of tax incentives to encourage business support for culture.

That the Scottish Executive provide £500,000 to Arts & Business to reintroduce the Pairing Scheme within Scotland..

That there be appropriate mechanisms, and support, to enable cultural organisations to appoint and train professional development staff.

That there be realistic expectations of business support for the cultural sector among funders.

That the Scottish Executive endorses and encourages the use of cultural sponsorship for brand marketing and corporate entertaining by public sector organisations where appropriate.

FUNDING STRUCTURES

Application processes

The almost complete reliance on an application approach to funding can be a deterrent to developing strategic partnerships with external agencies, including business. As more businesses look to take a strategic view of sponsorship, there should be the opportunity for A&B to work in partnership with funding agencies and businesses to develop cultural activity.

External agencies, including A&B in its work with the business sector, are often looking, at least in the initial stages, for funding to take forward ideas linked to areas of interest rather than being art-form specific. For example, when working with Visit Scotland and the hotel sector, A&B developed an idea involving literature and the visual arts but approaches to the SAC for support received conflicting messages on whether an application had to be split into separate approaches under the SAC's literature, visual arts, audience development or art and tourism budgets.

Recommendation

That there be non-application driven processes to enable cultural development through strategic funding partnerships.

BOARDS

The majority of cultural organisations in Scotland are non-profit-distributing charities governed by non-executive, voluntary boards of trustees. An effective board makes a vital contribution to the success of an organisation. To be effective a board needs to understand what its role and responsibilities are, work as a team, and possess a range of business skills and knowledge in areas such as finance, marketing, HR and law.

Demands on boards are becoming greater due to an increasing rate of change for arts organisations, both internally and externally, and it is our view that this is likely to become more so. Given this need, it is essential that training and support to board members is provided and we would propose that A&B's successful role in providing this should be expanded. It also is important that whatever training and support is available should be equally accessible to all the cultural sectors, and so the Board Development Programme should be funded in such a way to make it equally available to all cultural sectors.

While not-for-profit organisational structures, often charities as well, are appropriate for much cultural development, there are situations where other structures may be more appropriate.

However funding agencies have tended to be ambivalent about supporting profit-distributing structures, even where it is clear the activity is unlikely to make much of a profit and would have public benefit. This may discourage effective cross-fertilisation between the not-for profit and profit creative industry sectors. More flexible approaches to the types of structures that can be supported is required to develop sectors which bridge both worlds, such as contemporary music, literature, new media and crafts.

There is sometimes a sense that funding agencies are spending time 'second-guessing' the organisations they are funding. This can undermine the role of boards. We suggest that a 'trust with audit' approach to cultural funding would be more appropriate in the future. Such an approach would entail agreeing the key parts of Scotland's cultural infrastructure, providing appropriate funding for a longer period, trusting the organisations to deliver what they had promised, and auditing from time to time to ensure efficiency and delivery. The greater part of the cultural sector is run creatively and efficiently, so a 'trust with audit' approach would therefore seem to us appropriate. Responsibility for managing the organisation should lie with the board and senior staff, and they should take full responsibility for the consequence of their decisions.

Recommendations

That A&B's Board Development Programme continues and is equally available to all cultural sectors.

That the time and expertise given to the cultural sector by voluntary members of boards is noted.

That there be flexibility in the rules on what structures can be funded to stimulate the creative industry sectors.

That there be a 'trust with audit' approach to funding.

MARKETING AND PROMOTION

Business employees are an existing, and potential, audience for the arts. Given that there are currently over two million people in paid employment in Scotland there is a strong argument that those working in businesses, be they in the corporate or public service sectors, should form part of any delivery of cultural entitlement. In ICM Research in 2003, 72% of Scottish employees said they found music and art in the work place "motivational and inspirational". As many of those working spend a large percentage of their time at work, there is a case for considering more ways that audience development can be linked to workplaces.

Recommendation

That audience development schemes linked to the business sector as part of cultural entitlement are explored.

ENCOURAGING CREATIVITY

More and more countries, cities and businesses recognise that to be successful they need to attract and retain creative people, and fostering creativity has become a mainstream preoccupation of business. This is highlighted by the comment in the February 2004 issue of the Harvard Business Review that: 'an arts degree is now perhaps the hottest credential in the world of business.'

There is much work being done on encouraging the creative industries (defined as the creation of meaningful new forms) and many conferences and events look at this business sector. Yet creativity needs to be encouraged across all areas of business and society. Knowledge-intensive industries such as financial services, healthcare, scientific and technical research, and business management need to foster creatives as well.

Michael Schrage, an expert on creativity, has dubbed 'serious play' at being at the heart of creating new ideas. Such 'serious play' can help a business or organisation to spark new conversations, create new models and prototypes of how things could be different, and foster a spirit of inquiry and creative collaboration. The arts undoubtedly can play a part in supporting 'serious play' as they offer relevant disciplines, tools and techniques to encourage openness, curiosity, feedback, improvisation and new forms of expression.

Scottish business tends to be conservative and there needs to be encouragement for companies to consider fresh ways of stimulating creativity in the workforce. However, there are few effective linkages between the cultural funding structures, the cultural sector and enterprise agencies. A&B's experience in trying to gain support from the enterprise network for uses of arts for creative development has not been encouraging. Thus there are few examples of such work happening within Scotland to act as case studies to promote the idea to a wider business audience.

Given the First Minister's call for Scotland to become a 'creative global hub', fostering creative dialogues and engagements between artists/cultural organisations and business should be an objective for enterprise agencies. Many of our cultural organisations have excellent education departments but insufficient resources to adapt these skills for the business sector.

Recommendations

That the Scottish Executive and other public sector organisations take a lead by developing creative based development and training for their staff.

That Scottish Enterprise and local authority enterprise departments promote and support the use of artists/cultural activity within business as a means of stimulating creativity.

**Barclay Price, Director
Arts & Business Scotland**

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