

Culture, Media and Sport Committee

Oral evidence: Review of Arts Council England, HC 1764

Tuesday 17 March 2026

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Members present: Dame Caroline Dinenage (Chair); Mr Bayo Alaba; Vicky Foxcroft; Damian Hinds; Dr Rupa Huq; Natasha Irons; Anneliese Midgley; Jo Platt; Cameron Thomas.

Questions 1 - 42

Witness

I: Baroness Hodge of Barking, Lead Reviewer, Independent Review of Arts Council England.

Examination of witness

Witness: Baroness Hodge of Barking.

Q1 **Chair:** Welcome to this afternoon's meeting of the Culture, Media and Sports Committee. Today we are holding the first of two sessions on the independent review of Arts Council England. The second session will be with Arts Council England itself and that is going to take place after Easter. Before I start, can I remind members to declare any interests at the point they ask their questions?

I am absolutely delighted to welcome Baroness Hodge of Barking, who is no stranger to Committees having been the Chair of the very well-respected Public Accounts Committee for a full five years. In an episode of poacher turned gamekeeper, she is here to answer questions in her capacity as the leader of the independent review of Arts Council England. Baroness Hodge, thank you so much for coming along today and for your incredible work chairing this very important review. We have had a good old look at your report, and you have made some sweeping recommendations. Can you just talk to us about where this started? How concerned were you at the outset by what you knew of Arts Council England? Where did you see the opportunities and what did you see as the challenges?

Baroness Hodge of Barking: Interestingly enough, I have been Culture Minister, so I had a close relationship with Arts Council England during that period. Until the point I took on the review I also chaired Theatre Royal Stratford East, so over time I have had dealings with it there.

I came with absolutely no preconceptions to the task. One thing that surprised me was that people were passionate and everybody was really committed. There was massive commitment and passion; people really care. We talked to as many people as we could. Arts Council England said to me at one point, "You haven't talked to enough people," so I went back to check. We did roundtables, Zooms, one-to-ones, and we went around the country. We talked to 700 people in a very short period of time, so I feel quite confident that the results genuinely reflect how people felt. That is really important.

What came out of it? An early finding was that we need Arts Council England. I do not think anybody quarrels with that. I know one or two people were asking that question at the beginning. More importantly, we have to ensure that we firm up and reaffirm the arm's length principle. That will not be popular with everybody. A lot of mayors wanted to distribute the money from their localities. I was absolutely convinced throughout this, and was a strong voice for all the people who work in the sector, that we have to keep that arm's length principle and reinforce it. You must not allow politics to get into it. Having said that, there has to be a radical review of the way Arts Council England works. It has to look at how it uses the money, its role in relation to the organisations it



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supports, and its role in the wider arts and cultural landscape. The time is right for a radical review.

Lots and lots of people were praised. In all our dealings, we met individual staff members who worked for Arts Council England. They were dedicated and supported individual organisations, but there was a loss of confidence in how it served its own community, so we have to change. I really hope the Arts Council takes that on board. We have not had a response from DCMS yet but, to the extent that DCMS agrees with our recommendations, I hope it does not just pay lip service to what we are doing but really accepts that it has to radically change.

I will pick out four areas. First, I have tried to be very pragmatic on funding. Probably one could have asked for much more, but around the table we probably all think the arts should be better funded. Secondly, a move from Let's Create to a new way where the underpinning principle and purpose of Arts Council England is to fund excellence. It is a word the Council does not use very much, and it ought to give it birth again. It should also fund access to excellence. It is not just access; it is access to excellence. That was the principle that underpinned my thoughts, so that we build on the creative strengths and innovation that people feel through a new funding model. Thirdly, I have proposals for supporting individuals. This is a workforce who are very low paid. A lot of them are freelancers, and the support we can give to individuals is important. Fourthly, we must look at the underserved areas and localism, which I have defined it in a slightly different way than others. You want to empower local people. You do not necessarily want power for the elected representatives because that brings the politics back into the distribution. I will stop there, but that is the overall thing.

Q2 Chair: That is very helpful. As a group, we will pick up various parts of that between us this afternoon. I was previously a Culture Minister during the pandemic, and you are right to say that the Arts Council is a group of very passionate and dedicated members of a team who care enormously about our arts and culture. The Culture Recovery Fund is widely seen as a huge success story. You have been out and about and spoken to lots of organisations: how do you think the Arts Council is perceived by the sector?

Baroness Hodge of Barking: Let us start with the way it funds. It is incredibly bureaucratic and time-consuming, and it is far too detailed. It is a bit command-control, and that stifles innovation and creativity, which is the stuff it should be doing—there is not enough support.

In the old days, and probably in your early days, Caroline, the officer who worked with you really supported you. I had a terrible time at one point when Theatre Royal Stratford East nearly had to declare bankruptcy, and I had fantastic support from the Arts Council at the time. That is all gone. It does not come to board meetings anymore; it is very distant because its time is so consumed by bureaucracy. It is far too bureaucratic. It is too command-control. It stifles innovation, and there is not enough



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emphasis on excellence. There is also not enough hand-holding when it cuts money. It does not do enough of that. That would be the key thing that is seen now.

There is a real desperate cry from the sector—not just funded but unfunded organisations—for somebody to convene, discuss issues such as financial resilience and AI, and to promote and articulate on behalf of the arts sector. There is a real desire to discuss philanthropy, for example, which is going to be of growing importance. There is a strong desire for the Arts Council to strengthen its role as a convener and developing agency, to be much more light-touch and completely change the way it distributes its money. That is probably how I would sum it up.

Q3 Chair: We have had a number of reviews, policy shifts, and changes of focus in the Arts Council over its years, but we have never found a particularly optimal way of delivering and administering arts funding. How confident are you that this report you have pulled together will move the dial?

Baroness Hodge of Barking: In the report, I reflected what people wanted; I reflected back what people said. I reflected a bit on my experience—things that worked in the past that we might bring in—and I reflected on new ideas that people gave to me. The issue about independence and accountability is a really tough nut to crack. The arm's length principle protects us all because it protects artistic freedom. If you get involved too much, it is a safeguard for us all so it ought to be there. You can do that through much greater transparency. It is something I do in all my other work. Should the letter that Nadine Dorries sent have been a public letter at the time? It is that sort of question. If it had been, would all the upset caused to the sector over what was seen as political intervention in the distribution of money have happened? I do not say that in a partisan way; the same would be true of any political party.

The other thing is that if we can get it right on localism, and my recommendations on that, I think that will dramatically change, and I think we would deal with the fear that this is a very metropolitan London-dominated organisation. Am I certain? If I am honest, not 100%, but it is the right way forward. It has to be closely monitored. As I said before, it would be a disaster if the Arts Council just pays lip service and does not do radical, fundamental reform. I think it needs monitoring, and you as a Committee need to keep an eye and make sure that it does whatever it is that DCMS in the end decides on the back of the report.

Q4 Anneliese Midgley: Thank you, Baroness Hodge, for coming and speaking to us today. I want to go into the arm's length principle you referred to in Caroline's question. You have consistently said that this is really important, and a central theme that needs to be upheld rigorously—indeed, you have reaffirmed that in this session. Could you just go into some specific reforms that you think Arts Council England needs to make sure it is protected from political pressure while also remaining accountable?



Baroness Hodge of Barking: I have probably answered that a little by mentioning greater transparency, so perhaps letters from the Secretary of State to the Arts Council ought to be public. I cannot see any reason why they should not be, can you? That would give some confidence. The Arts Council must also assert its independence. I felt that very much in the argument last year. If it gets an instruction from the Secretary of State that it feels interferes with its arm's length principle, there have to be people in the organisation who are confident enough to respond to and be absolutely clear on that.

If I go to localism, some elected mayors would probably have wanted me to say, "Give the money to us locally." I deliberately did not do that, and there is probably a cohort of people who are not very happy with what I said in the report, although it is totally up to them to use more of their money if they want to fund the arts—they should do so. One of the shocking stats in the report is that Berlin spends more than the whole of the Arts Council does on its NPO programme, plus what the Mayor in London spends. The Mayor spends about £18 million, which is a tiny bit of his overall budget. There is nothing to stop them doing that if they want, but when it is money that comes out of central Government, it should be locally determined through those local boards, which should have real power but currently have none. There will be a row about it, but it needs to be defined and decided, then everything else goes to a local board. There are local artists, community groups, and local education on those local boards—that is another theme in the report: trying to bring culture back into education, and bring culture and education closer together. You will then have some local authority representation, but it is in a minority. You have actually devolved decision-making, but you have devolved it to local people and not locally elected representatives.

Q5 **Anneliese Midgley:** Who are these boards run by? Is it regional arts councils?

Baroness Hodge of Barking: The Arts Council has reduced the number of boards it has. We do not want to spend money on the bureaucracy of arts councils so we said, "Keep your offices if you have them, but you can have decision-making boards that reflect local government boundaries much better." The mad one is the south-east council. It is Suffolk, Norfolk, Brighton, and somewhere else—a completely crazy group. How can somebody know what matters in each of those areas? You can use your local authority boundaries for the decision-making board that will constitute the people that I said, but you keep your bureaucratic capability in those five regions that the Arts Council currently has. The last thing you want to do is spend too little money.

Q6 **Anneliese Midgley:** You talked a bit about mayors wanting this money to distribute and the transparency of, for example, letters being available to the public. What other evidence of political interference did you find in Arts Council England's work when you were doing this review?



Baroness Hodge of Barking: The big issue, I am afraid, was ENO. A lot of people felt it was a raw experience. The Arts Council feels defensive about it, and it may never have happened the way it did if the whole thing had been out in the open. One of the first things it showed me was the letter from Nadine Dorries. I cannot see why that could not have been in the public domain. That was the strongest example.

When I was at the Arts Council, I tried to get a scheme off the ground of bursaries for people on low incomes who were coming out of drama schools, conservatoires, and art colleges to help them through that first year. It was after 2008, there was not a lot of money around because we had had the crash, and I talked to the Arts Council openly and it agreed. You can have a relationship where a Minister can talk about things that are important, but the ultimate decision must lie with the Arts Council. In that instance we also got a charity to support us. It was a conversation. I used to have regular quarterly meetings with Arts Council England at that time. We would have an exchange of views and, as I was one of the stakeholders, it would have to listen to me as much as anybody else—listen not do.

Q7 **Anneliese Midgley:** Where is that line drawn? You said that what the Secretary of State says is often seen as an instruction rather than something to heed.

Baroness Hodge of Barking: The Secretary of State has the power to instruct but that should be open. Had I been in the Arts Council at the time that instruction came down from Nadine Dorries, I would have defended the arm's length principle.

Q8 **Anneliese Midgley:** I want to move on briefly to the royal charter. How do you think the royal charter should be updated to reflect the needs of today's cultural sector?

Baroness Hodge of Barking: The main change we need is that there is not enough money around. If you look at my funding proposals, they are all doable. I do not know how much Treasury will accept, but I deliberately went for doable funding things.

One inhibition of the Arts Council is that it does not have a commercial trading arm and—this is a bit crazy—it needs a charter change to be able to do that. That is absolutely imperative. It is running a very successful touring initiative where it lends to organisations touring and they pay it back. It is a loan scheme, but it could do much more commercially.

One thing I thought about, and I do not know what you think as a Committee, is that there are a lot of fantastic shows developed in the public subsidised sector that go on to make an arm and a leg for people. They go on and on and on: Matilda, War Horse—there are lots of them. A bit of that should be recycled back to the Arts Council, but to do so it would have to have a trading arm. I do not think that will be popular with everybody, but it is a legitimate way to bring in more resources and fund



more organisations, particularly if there is not going to be more basic money around.

Q9 **Anneliese Midgley:** You are right that there will be concerns; it will be quite a change. How do you ensure that safeguards are in place? You talked earlier about a commitment to excellence. How do you maintain that? Rather than see a mission drift into commerciality, how do you stop it becoming art for commercial sake, and maintain the excellence needed from the public sector?

Baroness Hodge of Barking: War Horse is excellent; Matilda is excellent. I am not sure there is a conflict between excellence and popularity. One interesting challenge facing the sector is that it has to build its audiences. It has to put on stuff that people want to come and see, whether it is in an art gallery, museum, theatre, concert, dance or opera. It has to create whatever it is. It can be innovative—think about how innovative War Horse was. It can still be excellent, popular, and commercial. In fact, we see it in the commercial sector.

One interesting thing I never entirely got my head around was that there are some shows, entirely commercially developed, which are incredibly popular and do well commercially. They are enormously artistically innovative and imaginative and yet get no public money at all. Some theatres do that; The Bridge Theatre is a classic example of where it happens.

Ironically, one of the convening things the Arts Council could do is look at various businesses to bring people and business models together so the rest of the sector can learn. It is not just funded; Wigmore Hall chose not to fund and it is very successful. It goes for a very niche group of people, but it does it very successfully. We were always struggling to build our audiences in Stratford East; it was a difficult audience to get in. You could learn a lot from each other, and if the Arts Council did that, it would be a really helpful thing for it to do.

As a bit of an aside, there are 48 directors in the Arts Council. One I met was in charge of philanthropy. When I was a user of it and we were desperately trying to raise money for the theatre, I did not realise the Arts Council had that capability.

Q10 **Damian Hinds:** You said projects that take public money and then go on to be commercially successful should return some of that money to the Arts Council. How would that work in practice? There would presumably be an agreement in advance that if you are in receipt of funds, and you trip over some threshold level, you give some money back. You said it would not be popular with everybody. I was just wondering who would argue against such a system?

Baroness Hodge of Barking: Commercial operators would probably see it as a threat, but you do it either through royalties or as a percentage of earnings over a particular level. There are various ways. If that becomes



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too complicated, you could do it by having a standard fee. You could say that if you take something out of the subsidised sector and put it into the commercial sector, you pay a certain fee. I did not go into the options but those are three. I discussed it with commercial producers. They started off being warm and ended up being a bit chillier.

Q11 Damian Hinds: Really? Why do you think it has not happened before now?

Baroness Hodge of Barking: It cannot trade under the royal charter, which is why the—

Damian Hinds: It could form the equivalent of BBC Studios or—

Baroness Hodge of Barking: I do not think it can under its royal charter. That is what I was told.

Mr Alaba: I would like to declare that I have been a recipient myself of Arts Council England funding in an earlier life. Before politics, I worked in the creative sector. I was also one of the respondents.

Baroness Hodge of Barking: You were; I was pleased to talk to you.

Q12 Mr Alaba: I did that because I have mentored and signposted organisations. I also hear from organisations within my constituency about excessive form-filling bureaucracy and the capacity of the organisation itself to meet those requirements. How well do you think the Arts Council understands the sector with regard to the burdens organisations have to go through in order to meet the criteria? You touched on freelancers and people like that; do they understand the audience that is coming towards them?

Baroness Hodge of Barking: That is a difficult question. At certain levels they do. We came across people who were arts form leaders and area level managers—I cannot remember the actual title they had—who do. The organisation has become obsessed with forms. It is outrageous that the people who are in receipt of big funds employ people just to fill in the forms. That is a terrible waste of money. Smaller organisations employ a growing army of professionals who have set up in business to help them fill in the forms. We had one guy, who had worked forever to try to become an NPO—he was in the music industry—who regretted it when he got there. He said, “I have stopped doing art, I am just form-filling.”

There is a story I put in the report which really struck me: a woman who was running a community-based arts programme—she had been an NPO for years—got a call on a Monday night and Tuesday morning that she was going to be cut with no explanation. My view is that nobody should be cut without knowing that they are going to be cut. The relationship should be such that you know you are not performing well before you get there. Nobody contacted her. Her liaison officer was on maternity leave and nobody was covering her. It was a third of her money and she went



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into a total panic. When she got over the panic and started to think, "What am I going to do?" she said to us, "I felt liberated." That is quite a powerful thing to say. I do not think they understand what is going on.

People also felt that that there was an absolute mountain of information in the Arts Council. It really is huge. Some is Arts Council England, some is DCMS, and some is Treasury. It is a call to them all to think again about what they need or if what they ask for is necessary. At least let the sector use the data to help it develop new strategies, deal with the world as it is, and get their philanthropy in.

Another thing we came across is that the data is sitting there but people find it very difficult to access and use all the information it is collecting. As chair, you are responsible and liable for that form, but I was not going to sit there and read it. I did not have the time to read a thick wad of papers like that. I had to rely on my executive director and hope that she had done the job properly. I am not sure it serves anybody well. I do not know if we are going to come to my new proposals but there are ways of doing it which enables creativity to happen, lessens the burden of bureaucracy, gets much better results, excellence and access to excellence, and costs much less.

- Q13 **Mr Alaba:** On that point of excellence, it has been noted that there is a prescriptive approach, which possibly highlights deeper cultural issues within the organisation. There are potentially demographic and regional biases within the organisation in terms of how they assess applicants. Coming from that sector, when you said excellence I also thought of innovation—something new and different—which is what creative organisations do. You never want to repeat what other people have done; you always want to do something different. Do you think it is a challenge for the organisation to understand what excellence is as opposed to what is being created by the sector?

Baroness Hodge of Barking: Yes. We will all have a different interpretation of what excellence is, but excellence is not activity. All of us around the table will buy into the diversity principles behind Let's Create, but if it is just activity—not excellence for all and access to excellence, but access to activity—then you are not achieving that. Of course, innovation is excellence. I should use it; you are right to haul me up on that. Innovation is central to moving the boundaries on creativity. I would say that is really important. The interesting thing is that too often we heard from too many of the organisations funded by the Arts Council that the word "excellence" was no longer used.

Mr Alaba: I like the fact that you used the word access as well.

Baroness Hodge of Barking: Access to excellence.

Mr Alaba: Yes, absolutely.

Baroness Hodge of Barking: Not just access.



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Q14 Chair: Can I ask a question about one of the points you made in the document which suggests DCMS should consider moving the library development role from ACE to the British Library, alongside a transfer of resources to go with it? In the evidence you took, what convinced you that it would deliver better outcomes for libraries than remaining with the Arts Council?

Baroness Hodge of Barking: To be absolutely honest, that is the only one that has been a contentious recommendation interestingly enough. Again, I did not even think about it. We asked the chief librarian from the area to come to the roundtables, and if I am honest they were quite aggressive. One said, "What the hell are we doing? What am I doing here? The Arts Council does nothing for me. I do not know why I am in this room with all these people and I do not think they add any value." I was taken aback by all this; I gather the person who said it to us has now changed her tune a little, but that is what she said.

There was a review of libraries a couple of years ago, so I talked to various people. It is a difficult one. You want somebody to do the development role of libraries. It is over 10 years now since it has been gone—a long time. If it is not settled or working, maybe we should look for another home. Some officials wanted to go to DCMS. I am against DCMS providing direct services; I do not think that is what it should be into. It could go to a local authority association, such as the LGA or something like that—a bit iffy—or it could go to the British Library, which knows about libraries and could fund the development role. I know there are issues around the British Library at the moment, but it is not something that has to happen tomorrow. If the library sector is happy and ACE improves, that is fine. I was not dogmatic about it. I was really responding to the voices I heard during the process.

Dr Huq: It is good to see you. We miss you from the APPG.

Baroness Hodge of Barking: I hope you are keeping going.

Q15 Dr Huq: I think it is still there. Thank you for doing this meticulous piece of work. When are the new proposals going to be discussed? We have talked about funding innovation, but there are a lot of recommendations. You mentioned the controversial libraries one, the idea of commercialising has come up, a new funding model with a proposal to stretch from three years to five years, doubling gift aid, new tax incentives, and the French model exploring that—there is a lot going on there. If you were to choose one of those fiscal reform proposals, which do you think would have the most immediate impact on the financial sustainability of a sector that is still destabilised from covid?

Baroness Hodge of Barking: I want them all; let me start with that.

Q16 Dr Huq: Can you give us one?

Baroness Hodge of Barking: The touring tax relief, because quite a lot of organisations cut touring when their money is cut. If we go back to my



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principle of access to excellence, touring is an absolutely key way of doing that. We were in Norfolk, which has little receiving theatres. It is about to close down a theatre in a rural area because nobody can afford to tour anymore as they cannot pay for Airbnb and transport. It is as simple as that.

Another issue is orchestras. We are brilliant at music and Europe loves our music. Post Brexit, when you have to pay for visas, transport, and a whole lot of bureaucracy, orchestras are finding they cannot travel as much. The important thing is that they make money when they go abroad. It gives them money that they can reinvest in the activities of British people here at home. As it does not count as an expenditure item, it is a tax relief; it would be quite easy for the Treasury to do and would have the most immediate effect.

On the other side, I would say capital because capital is always easier. There is an incredible backlog on capital; it is really difficult. Large national bodies are also in trouble on that. One suggestion questioned whether places such as the RSC and National Theatre should repay their covid loans. I was a bit cross about that. If you think about it, in the old days the British Council put money into the arts. Nesta was established by the Labour Government with 250 million quid, which was supposed to be entirely for arts and culture. Nesta has pulled out of arts and culture now and does other stuff so it does seem to me that, if you had a trading arm—going back to a change in the charter to the Arts Council—you could then give it that capital sum, which it can circulate over time.

Dr Huq: Touring would be part of the EU reset, which is still going on.

Baroness Hodge of Barking: It could be. That is probably the easiest and would not just have an impact on the organisations but an impact on what they offer.

Q17 **Dr Huq:** We have seen DCMS-commissioned research from January 2026, which estimates that £2 billion in funding and a £3 billion cash injection is needed immediately to keep the buildings in operation: repair, maintenance, and the renewal of existing cultural venues. Do you think Arts Council England can play a meaningful role in addressing this crisis or does it need a different mindset from Government?

Baroness Hodge of Barking: It needs more money. There are all sorts of issues, and the Southbank Centre is an interesting example. The Southbank Centre has massive capital. It was built over 75 years ago. The obvious thing for it to do would be to sell the asset and then use the money to improve it. It cannot sell the asset because of the way in which it was constructed. I am sure it is not beyond the wit of somebody to sort that out. You could say the same about London Coliseum. There are ways in which we could tackle that capital deficit in a more imaginative way by allowing different schemes that would help. It is all about the margin. You need more money, and capital is easier for the Government to access and is good for growth. If you put it in the context of growth, it is a good



place to put capital, which is why we put in Nesta. Let us at least have the £250 million that Nesta had. You could do other things with the Southbank Centre; change its terms and it could fund it in a very different way. I think the same with London Coliseum.

Q18 Dr Huq: We visited there. The thing I remember the most is that it has had to change the seating because of obesity. The 1950s dimension of a human is so different to now. We are talking about funding innovation, and with your proposals there are quite a lot of ideas to link fiscal reform with improved philanthropy. Could you say a bit more on that?

Baroness Hodge of Barking: This is a guess. If I am absolutely honest, this is part of our trying to get more investment into the regions as well. If you look at philanthropy, two thirds of the philanthropic money comes into London and the south-east. The idea would be that you increase the gift aid rebate if you give outside the M25, or something like that. You would have to define it. You can double it or something, make it 50%. Would it work? I do not know, but it is a way of having a go at it that might help.

If you look at French law, there is an amazing tax deduction. It is below the line so it does not increase the DCMS budget and is an easier way for Government to fund if you are looking for innovative ways of funding below the line. If you increase the tax take below the line it does not tell above the line. You could do that as well.

I just wanted to say something that is important: we ought to look at the way corporates are now running away from funding for reputational reasons. They are running away from funding the arts and culture, which is a real problem. This is a really central role that the Arts Council should fulfil. It should negotiate and produce some guidance under which organisations can function. I put it in one sentence in the report, but it is an increasingly important break on philanthropy that we should be tackling. I do not know whether these ideas would work, but they are worth a try. If they do not work then we try again and do something else, but they are worth having a go with.

Dr Huq: As an outer-London MP, I sometimes feel that because there are so many things of national significance in London, people assume that it goes to the centre. The Ealing Project closed in the last year—it was a venue where my 50th was. You are supposed to say, “You do not look 50!” It has closed its doors. I know that Pitzhanger Manor, our local stately home, is putting in a portfolio bid and would love to get some funding. You were an outer-London MP and have looked after Stratford East; it sometimes feels that it all goes to the very centre.

Baroness Hodge of Barking: I realised that when I talked to large organisations in Birmingham, it was a deliberate decision under the Thatcher Government, I think, to fund those organisations in Birmingham and attract audiences from around the area into Birmingham to increase the activity. It was a deliberate economic decision. I know it was many



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years ago but, having taken that decision, we cannot suddenly abort it or say, "Birmingham has too much orchestra," or "Birmingham has too much dance." We have to stand by it. The same is probably true with quite a lot of London. I am totally against the postcode strategy that the Arts Council had in forcing local authorities to relocate their HQs. I was talking to an opera touring company which is now in Sheffield, but it was in London. Although 95% of its activity was outside London, three of its HQ people were in London so it was counted as a London organisation. There has to be some sensible thinking about how you define activity. It is the activity that matters, not the location of your HQ.

- Q19 **Cameron Thomas:** Your review highlighted the severe challenges facing touring, such as rising costs, reduced touring capacity, and tax relief structures that no longer reflect the reality of touring. What is the most important intervention needed to ensure that touring remains viable?

Baroness Hodge of Barking: The tax relief. Full stop. Absolutely sure.

- Q20 **Cameron Thomas:** That was quick. Thank you. For those organisations that are already on the brink of stopping touring altogether, is there anything immediate that you think might—

Baroness Hodge of Barking: It is money. You talk to a lot of organisations that, if they have to cut something, cut their touring. You somehow have to get a bit more money into it. It is more expensive. Goodness knows what is going to happen to travelling costs with the current crisis. Literally, it is about paying for that. It is such a silly little thing. Actually, as with touring, kids do not go to museums any more because the schools cannot afford to pay for the buses. There are all those sorts of little things.

Damian Hinds: It is the buses.

Baroness Hodge of Barking: Is that wrong?

Damian Hinds: No, you are absolutely right, and it rarely gets talked about. The cost of coach travel has changed so much.

Cameron Thomas: I might have followed up on the same point. It is the same reason I cannot get my schools to come here. It is the cost of coach travel.

Baroness Hodge of Barking: In our education that is one of the key things that we want to raise money for because you can change the curriculum, but every child should be going to a theatre, a museum, or a concert. They all should experience all these things but you just have to get them there. It is ridiculous; it is crazy.

What I am suggesting, knowing there is not much money—there is a lot of money in the trust and foundations, and there are a lot of philanthropists who would respond to educational and training initiatives.



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Corporations might too. If you get DfE and DCMS working more collaboratively with a big fund, you could do something around that too.

- Q21 **Cameron Thomas:** Yes, I would hope so. There is then the matter of touring in the EU. We recently had a session on performing arts touring in the EU. We heard that changes to orchestra tax relief now block orchestras from claiming key EU touring costs, causing losses of up to £400,000. You highlighted the same issue. What steps should be taken to stop those additional costs from permanently shrinking the UK's international touring capacity?

Baroness Hodge of Barking: They have to be allowed to claim tax relief on everything from visas to all the bureaucracy associated now with going to Europe, and the costs of moving instruments across Europe. They have to be eligible for tax relief. The only other thing I would say about the tax relief system is that it is HMRC-run and it is bad at paying. All these organisations really work on the margins. I am suggesting that it should do it like VAT. Some organisations borrow against their expected tax relief, which is crazy. It just needs more efficiency in the way HMRC gives them the money to which they are entitled.

- Q22 **Cameron Thomas:** Would you be in support of a customs union between the UK and the EU, or do you think there is another measure by which you might—

Baroness Hodge of Barking: I am not going to get drawn into that. I would be in support of a much closer relationship with Europe for 1,001 reasons.

Damian Hinds: It is not today's subject.

Cameron Thomas: Good answer.

Chair: That was beautifully handled, if I may say so, Baroness Hodge.

- Q23 **Vicky Foxcroft:** On support for freelancers and individuals, we all know there is a challenge with more working-class people coming into creative industries. I know that you highlighted some ideas and challenges in terms of Arts Council England at the moment. Could you highlight some?

Baroness Hodge of Barking: I was obsessed with this when I was Culture Minister; I bet you were too. Once you had come out of your conservatoire, or your drama school or whatever, you had to have money behind you to risk the first year or couple of years. I have a daughter who is a theatre director and we said to her that we could afford it. We said, "We'll fund you for the first year." In fact, she was lucky and got work but nevertheless she knew she had that security behind her. We thought and thought and thought. This idea was put to me by Antony Gormley, funnily enough. He does not actually come from the most poverty-stricken background but when he came out of art college, he got 500 quid a year and a mentor from the Arts Council, which helped him through the first couple of years. It was from building on that that we



have come to this idea that from the existing fund there should be—I cannot remember the name of the fund that it would come from, so apologies—

Vicky Foxcroft: Developing Your Creative Practice.

Baroness Hodge of Barking: Thank you. If you gave people £25,000 and a mentor—so all the admin costs—you could do 500. If you gave them £30,000 and a mentor, you could do 425. You would focus that entirely on people from lower-income backgrounds. You could do all sorts of diversity around it and you could do underserved areas. You could do it in areas where there is no great culture, among disabled applicants, and so on. Finally, part of their contract would be that they would go into local schools. You would get a little bit of an artist in residence in the schools to help bring culture back into education because all those skills have gone from schools.

I would call that a national programme for individuals. We would have a national programme for organisations and a national programme for individuals. We have been very conservative. I would love to see it grow beyond that but we looked at the existing budget and thought that within that we could do it every year.

Q24 **Vicky Foxcroft:** I have to confess that I thought that was a really good proposal. Do you think that ACE—Arts Council England—could include freelance artists in its governance and decision-making without adding another layer of administrative burden?

Baroness Hodge of Barking: Yes, in two ways. First, local boards should have artists on them. People from the art and cultural sector should be represented there, as they are the most important people. That is one way of doing it. Secondly, our suggestion—this again came from people who have been around for ages and it was really popular—is that if you are putting an application in, you should have art form panels that would form a view. It is back to what we mean by excellence. At least then you would be talking to people who know that art form. They would form a view on whether that is a worthwhile application to support. That would be another way.

Everybody I talked to—well, it won't be everybody, but I think people would give their time voluntarily to do that. It brings art form back into the thinking of the Arts Council. I can see its argument there, because what it argues is that art forms are becoming more fused with AI. Maybe it will be different in 10 years' time, but for the moment we still should have art form professionalism in the decision-making. That would be another way I would bring them in, and they would love to do it.

Q25 **Vicky Foxcroft:** Yes, definitely. How do you envisage the freelance champion working with ACE to support freelancers and increase the supply of talent—I know that there have been delays in terms of them being appointed, but when they are?



Baroness Hodge of Barking: I was quite surprised to see there were 48 directors doing different things in the Arts Council; this will be another one. Maybe less is more. They should be able to really focus and do their development roles. They must be so inundated with reading these ruddy papers that I never read as a chair. We need to get them off that and get them back into fulfilling these key roles.

Vicky, the bigger thing in all this is that they are all underpaid. I do not have the figures in front of me but the average wage is something like under £25,000 for 75% of these freelancers. It is massively poor. Tackling that at a time when resources are so limited is really tough. That is why, if you could extend the scheme beyond the 500, it would be a positive way to encourage people. So many people took the decision not to come back into the arts post covid, which is tragic.

- Q26 **Vicky Foxcroft:** The report is really quite measured, thoughtful, and sensible in terms of the recommendations. Is there any outside stuff that really struck you in terms of making sure that we encourage more working-class people in and support freelancers even further, which you did not write into the actual recommendations but was quite obvious but might be unachievable?

Baroness Hodge of Barking: It is more money. I was really conscious of trying to write a report within the constraints of where I know the Chancellor is. For example, let me take this idea that in underserved areas you employ two arts workers. Instead of plonking an organisation down, you employ two arts workers—I got this from a thing we used to do called creative partnerships. I do not know if you remember them but they were so successful. They were a really good intervention. You have these two people employed by the Arts Council going around and finding art. Local authorities are saying they should be employed by them, but I would have them employed by the Arts Council because you really want them to do arts and culture.

Every community has someone: we went to one rural area where a woman ran a dance studio from her kitchen; another ran a theatre group from her living room; another ran a writers' room from a pub. They are all there. Bring them out. Link them into education and build bottom up a real cultural offer in that area. Doing that together with touring brings you access to excellence, rather than just plonking an organisation in.

- Q27 **Chair:** We have heard that the VAT on school fees is having a cooling effect on the number of bursaries that some conservatoires, dance, and music colleges are able to give to really gifted students from lower-income backgrounds. I know it does not necessarily fall 100% within the remit of the Arts Council, but it is one of those unintended consequences where you would end up throwing money at a situation when actually a solution was there. The bursaries were flowing, and the Billy Elliots of this world were coming through the system. I met a charming lead dancer from the English National Ballet who had come through the system that way. It was incredible. To what extent have you heard that kind of



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evidence on your travels?

Baroness Hodge of Barking: I have heard about that. The Education Minister is reviewing it to have a look at what is happening there. Getting culture back into our education system is a massive challenge, which is why I suggested setting up this fund. It could raise billions if we did it properly. That would help with the training. You could train people within schools. You would have to provide the instruments and the travel, again, to the museums or theatres. That very basic stuff has to come back.

If there is not much money, you just have to raise it philanthropically—there is no other way of doing it. But if the two Departments were working together rather than somebody doing this, somebody doing that, and somebody doing the other, that would be a more powerful and effective intervention. I know that the Education Minister is reviewing an unintended consequence there. You could have her come in to talk to you. There is real enthusiasm, which is good to see. They are determined to bring culture back into the educational offer.

Chair: It just feels so heartbreaking if someone with such talent cannot afford to go to one of these elite schools—the bursaries that would have once been there have now been taken away because of the VAT.

Baroness Hodge of Barking: I agree.

Q28

Damian Hinds: Margaret, for the avoidance of doubt, culture has never left the education system. You can have debates about aspects of it. As you say, let us get the Education Minister in, and we will hear about those plans. One of the themes in your report is for better data. It sounds as though there is pointless data collection going on from organisations that are busy trying to deliver actual art and culture, but instead in the stylised version they are filling in forms for somebody at the Arts Council who probably does not look at it. Is that fair to say? Can you maybe give us some examples to bring that to life?

Baroness Hodge of Barking: I am not going to be good on examples, Damian, if I am honest but it is fair to say that that was the most ubiquitous comment. There was also anger.

Damian Hinds: Perhaps that is what happens when you have 48 directors. They all need some reading material. A spreadsheet is better than a—

Baroness Hodge of Barking: There is good stuff there as well—somehow if it was better shared. This is not just the Arts Council, DCMS and probably Treasury are also asking for stuff. Remember, if you are an organisation, you might get funded by English Heritage, the lottery, or the Arts Council. Everybody has different forms; they all have different data requirements. Certainly, the DCMS organisations could all do one application and share data. There is too much data. I do not know if you sit on a board of a cultural organisation but it is crazy. You are sitting



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there as a volunteer with all the other things you are doing and you literally have a thing that thick.

- Q29 **Damian Hinds:** In most sectors of business there are metrics that are commonly used. I worked in the travel trade and there are standard ways that you measure hotel occupancy, revenue per passenger kilometre on a plane, and this, that and the other. Are there common bits of data that you might expect Government Departments, the Arts Council and everybody else to standardise, so you are not having to reinvent stuff for everybody's form?

Baroness Hodge of Barking: I would have thought it would not take a terrific brain to sort those out. The other thing we heard a lot was that if you were an individual freelancer, you often had to fill in the same form as if you were—

Damian Hinds: A massive organisation.

Baroness Hodge of Barking: All that was daft as well. I just need somebody to start again from scratch. Its system, Grantium, breaks down and the whole thing is an absolute disaster area. The other bit of money, Rupa, is that it has to have a system that works. It does not have that at the moment so it needs some IT investment. That would also be important. It will indirectly affect the organisations. I would just love to go through the whole lot and get rid of it.

- Q30 **Damian Hinds:** A lot of us are probably struck by your 48 directors stat. At some point we will have the opportunity to go to the Arts Council directly and put some challenging questions to some of this stuff. Is it one of your recommendations that there just should not be anything like that number of senior management positions in the pyramid because there does not need to be? I wonder if you have looked at other equivalent cultural funding organisations in other countries, or if there is some way of benchmarking and saying what is a reasonable, efficient level of total spend on the administration, and in terms of what you need to have in senior management.

Baroness Hodge of Barking: My understanding is that the percentage spent by the Arts Council is not disproportionate, so we are not bad on that. I would argue that it could use the money more effectively. Have I done the arithmetic and the detailed work on that? I have not. But if you were to reduce the bureaucratic tasks you could take people off doing that and they could be doing other jobs, or you could employ different people for different work. I do not know what the 48 directors all do, but undoubtedly some could fulfil that development role more effectively in convening, developing, promoting, advocating, and all that sort of stuff that the Arts Council should be doing.

That is why I say that this is a radical programme of change. It is in the middle of appointing a new chair who will have to take that forward, but from the bottom of my heart I honestly just hope that they grasp it as an



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opportunity to undertake that change and do not think that they can fiddle at the edges.

Q31 **Chair:** In the process of appointing a new chair, what do you think would be the three most important characteristics that it should be looking for?

Baroness Hodge of Barking: At this point in time in the organisation, it should be somebody who will be a change manager. It is important that the person can drive change and somebody who loves the arts. What else? They should also be a great advocate. That is off the top of my head, Caroline.

Chair: Sorry, it just came to me.

Baroness Hodge of Barking: I say to them all that it will be a hard task to get to what I hope will be a better position. It will not deal with everything, but I hope it will be a better position.

Q32 **Chair:** One of the things you found in your report is that although the Arts Council has broadened the diversity of its funding, many stakeholders have still experienced its approach as inconsistent, tokenistic, and in some cases discriminatory. Does it need to start again and have a radical overhaul, or can this be fixed within the existing structure?

Baroness Hodge of Barking: It has to change the way it funds. I have suggested a completely different way of doing the NPO application, which is much more built on the USP that an organisation thinks it has than on how it can contribute to the overarching thing. Let me just say this about diversity: in an odd way, the culture of every organisation you would look at in terms of whether to fund or support it should have financial resilience, environmental sustainability and diversity. It should be in the DNA of the organisation. That is how I view it. The Arts Council approach is a little bit of an '80s approach where if you can tick the boxes and show the numbers, you are making a difference. You really have to get it into the DNA of the organisation.

You are beginning to see that in the arts in some areas. Theatre is doing much, much better than music, and dance is beginning to catch up a tiny bit. It has to see it as embedded in the organisation. It is something you judge. Just as you would not give money to a financially ridiculous organisation, you do not give money to an organisation that does not have a very clear diversity infrastructure and culture. That is the right way forward. Saying "We're funding diversity" does not give you access to excellence. It possibly gives you access to activity but not excellence.

Q33 **Chair:** Within the parameters that you have just mentioned, do you think that the current Arts Council criteria often privilege safe or less risky organisations, or larger organisations, over taking a bit of a punt on something that might be diverse or have fantastic artistic merit? Is there a risk aversion that you have found?



Baroness Hodge of Barking: I have not found that. Over 70% of the money goes to existing organisations. It is very difficult to achieve change when money is tight because what are you going to kill off? That is a hard decision to take. But it takes risks. I want to bring the art form panels because you want the risk based on an understanding of what innovation and risk look like within that particular art form. That understanding is not necessarily embedded in the decision-making structures and people at the moment, which is why advice from the art panels would be helpful.

Q34 **Chair:** In terms of incentivising good behaviour, did you have any evidence to suggest that Arts Council does enough to ensure that the organisations it gives money to have policies in place to tackle things such as antisemitism?

Baroness Hodge of Barking: That is a growing problem. The Arts Council should play a convening role on that. It is a growing problem. The whole Gaza-Palestine-antisemitism triangle is hugely, hugely challenging and very difficult for small organisations to deal with and respond to properly. That is a typical area where the Arts Council should be taking a leading role in helping write protocols and develop guidance and support. Should it be intervening? I don't think so. I think that is asking it to be too directive in the management of the organisations.

Q35 **Chair:** So it should be supporting organisations to make sure that they have the right systems and processes in place to tackle things such as antisemitism, but not rewarding those that are not taking the right steps. Can I take you on a completely different track now? We have a series of inquiries that we do called State of Play, where we give any individual or organisation the opportunity to bid for a one-off session with us. They get to set out the obstacles and challenges that they are experiencing and what the solution is. In our very first year of doing this, we had 168 applications for our first five places.

Baroness Hodge of Barking: Brilliant.

Chair: The very first one we did was with the live comedy sector. Its big ask is to be recognised as an art form. Baroness Hodge, your review did not mention live comedy.

Baroness Hodge of Barking: No, it did not.

Q36 **Chair:** It cannot access Arts Council funding. If it is a comedy club, for example, it cannot access Arts Council funding unless it does something else as well, such as being a live music venue or something else. To what extent do you think that live comedy is a neglected art form? Should the Arts Council be considering it as an art form in its own right? What will you be doing to celebrate National Comedy Day on 1 April, Baroness Hodge?

Baroness Hodge of Barking: My grandchildren will be taking the mickey out of me. I will be the butt of it. It is an interesting question. I



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was approached by choirs. I thought about choirs quite a lot, and it is too difficult to extend it. There are so many questions to do with how you would then define which choir could be subject to funding. What if it is just a community choir? It was just too difficult. I felt, "Oh God, we can't do that at the moment."

There is a case for comedy. I have not thought about it in detail. There is a case for saying that it should be considered as an art form. You are doing that with resources being constrained, that is the only thing. If you fund it, you are funding it at the expense of something else. That is the difficulty.

Chair: It just wants a level playing field, does it not?

Q37 **Jo Platt:** I want to declare an interest: I was a recipient of Arts Council funding in between being elected. During that time we were identified as coming from an underserved area. I know you have mentioned in Vicky's questions some local and regional boards. What further action should be taken to reduce regional disparities beyond the changes to the funding mechanisms and postcode-based redistribution?

Baroness Hodge of Barking: Within the report, there are a whole lot of instruments that you can use to help the underserved areas, such as the programme for individuals and touring. Going through my head as I was thinking about all those things was whether this is another way of supporting philanthropy. All those ideas are about trying to support underserved areas.

The key instrument is putting those two community arts workers in areas to build something bottom up. I saw it work so well. I do not know if you were around with the creative partnerships and whether you saw those at all. It really transformed things. It brought artists into schools; you can link that into the education. It really transformed the artistic ambition of children and young people. This would go beyond education into community groups as well. That is a powerful, proper bottom-up local intervention. I think The Britten Sinfonia is the one that went to Cambridge. Just shoving them nearer the postcodes does not make any difference.

Again, if we had more money we could do it in more areas, but you could start that off in a few areas. If you look at the Arts Council funding at the moment—I recommend that it simplifies and reduces the systems—there are a lot of little pots of money here and there. If you focus it on bigger interventions, less money is spent on bureaucracy and looking at all these different forms, and you would impact more. At the moment as an individual, you can apply for a course. In a way that is great but is that the best use of Arts Council money?

I have a recommendation in there—I do not know whether it will accept it—that all local authorities should do regular arts and cultural strategies. No doubt there will be an argument that it takes a load of officer time and



it needs extra resources to do that. It is really important because local authorities have cut more than anybody else in the arts. That is really important and keeps them thinking about it.

- Q38 **Jo Platt:** Absolutely, I agree. I will have to put on record that I have a great local authority that is very engaged in our culture programme. I would just like to go back to that question because there is a huge gap. It is about getting community involved. Just for the record, I put out about entering the town for a UK Town of Culture bid. The negativity that came back from places like mine, which are underserved with cultural activity, is that they do not see what culture is. It could be your local am-dram, local theatre or comedy. It is about bringing people with us as well as just putting mechanisms in. We absolutely all agree on that bottom-up approach. We just need more on how we can reach out to people who do not feel that culture means anything to them. That is an important nut to crack.

Baroness Hodge of Barking: People have talked about the tourism tax. I would love to see that in a way, but if you look at the moment at how that has been used by those authorities that have it under another name, they use it for street furniture and street cleaning. People and businesses care about that, but if you want it for culture and arts, you are going to have to specify that—otherwise it will not happen.

- Q39 **Jo Platt:** Another issue from my local area is culture being done to us. We get the big institutions coming in from Manchester city centre and taking over theatre space or art space that is populated by our local organisations. It does not go down well. On a larger scale, the English National Opera relocation obviously raised a few eyebrows and raised significant concerns about how ACE manages major strategic interventions. What lessons do you think ACE should take from that episode when designing future approaches to reducing regional disparities?

Baroness Hodge of Barking: First, maintaining the arm's length principle is the most important thing. Secondly, something I could never understand—I do not know if you felt the same—was that it cut the ENO, in essence, but at the same time it cut touring from the Welsh National Opera and Glyndebourne, both of which were bringing opera to underserved communities. I take your point about how there are ways of handling that. Remember my access to excellence: you want that as well.

I could not understand how it took all those decisions together. It just did not make sense to me. I could not think of how rationally it could have happened. I never received a good answer to that, but there has to be some oversight to see the overall impact of your decisions. That was not there for that and I really do not know why. It was unable to answer it. I kept asking the question, "What made you take those decisions all at the same time?" Maybe you should ask it but I never received an answer. I could not understand it.



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Chair: Not least because of all the remarkable work that the ENO, for example, was doing right across the country with the long covid sufferers, with its ENO Breathe programme. There were so many outreach programmes going on that it just felt like a really odd decision.

Q40 **Dr Huq:** You mentioned the arm's length principle. With blue-sky thinking, what do you think of the possibility of including culture and heritage in the English Devolution and Community Empowerment Bill? I know you said it is important to keep things arm's length, but that way you would put a must on the strategic authorities to fund these kinds of things. It need not be a mutually exclusive either/or.

Baroness Hodge of Barking: I would support that.

Dr Huq: You would.

Baroness Hodge of Barking: Yes. It is a recommendation that there should be a statutory duty to produce a cultural and art strategy every five years, or whatever. It is the only way to keep it alive. Local authorities used to put more money in than they do now. It is important for all sorts of things, not just heart of community. Again, when I was Culture Minister—I do not know if you did this—we used cultural interventions in those days in seaside towns as ways to start a regeneration of a run-down area. I remember we put money into the fairground in Margate to try to start the regeneration. In Blackpool we put it into the lights and what have you. It was all about using that as a stimulus for regeneration. Arts and culture can be the thing that unlocks regeneration.

Dr Huq: Yes, that would be cultural devolution. I wonder if I can email it to you, but the think-tank Culture Commons has come up with a range of different amendments. I think Sadiq Khan is backing it on this.

Baroness Hodge of Barking: I am not close enough to that.

Dr Huq: It need not mean the end of the arm's length principle. You can have both.

Q41 **Chair:** Levelling-up funding was also a good recognition of the power of our culture and arts to regenerate communities. It is a really interesting point. Baroness Hodge, we are nearly finished with you. You are the expert in sitting in this chair and asking the questions so is there anything we have forgotten to ask you? How have I failed in my chairing role today?

Baroness Hodge of Barking: You have been brilliant. You have been very kind.

Damian Hinds: That is a failing.

Q42 **Chair:** Is there anything that you wish I had asked you?



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Baroness Hodge of Barking: You have been too kind. I think we have covered everything but I suppose education is the only thing. It is really important to get that back in. If it sets up this fund, that is absolutely critical. We must build the next generation and build the pipeline. Look at the decline in kids doing A-level cultural and arts subjects. Apart from that, I have covered everything. I have the one-and-only bound copy because it would not print it; it is only online. It gave me that as my prize.

Chair: Complete with your own annotations, I noticed.

Baroness Hodge of Barking: It is the people who work with me.

Chair: Very good. Can I thank you very much on behalf of the Committee for your time today?

Baroness Hodge of Barking: Thank you for asking me and being so kind.

Chair: Thank you for your report. We wait with bated breath to see the Government's response. In the meantime, thank you for coming along and seeing us today.