

# Public Accounts Committee

## Oral evidence: COVID-19: Culture Recovery Fund, HC 1291

Monday 26 April 2021

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Members present: Meg Hillier (Chair); Dan Carden; Sir Geoffrey Clifton-Brown; Sarah Olney; James Wild.

Gareth Davies, Comptroller and Auditor General, Louise Bladen, Director, NAO, and Marius Gallaher, Alternate Officer of Accounts, HM Treasury, were in attendance.

Questions 1 - 79

### Witnesses

**I:** Sarah Healey, Permanent Secretary, Department for Digital, Culture, Media and Sport; Emma Squire, Acting Director General, Department for Digital, Culture, Media and Sport; Dr Darren Henley OBE, Chief Executive, Arts Council England; Sir Damon Buffini, Chair, Culture Recovery Fund

Report by the Comptroller and Auditor General  
Investigation into the Culture Recovery Fund (HC 1241,  
Session 2019–2021)

### Examination of witnesses

Witnesses: Sarah Healey, Emma Squire, Darren Henley and Sir Damon Buffini.

**Chair:** Welcome to the Public Accounts Committee on Monday 26 April 2021. We are here today to look at the support that Government provided to UK arts and culture—one of the sectors, of course, that has been hit very hard by the covid-19 pandemic. Everything from art galleries and museums to theatres, cinemas and many other cultural organisations had to close their doors on 23 March last year. In July, the Government announced a Culture Recovery Fund of £1.57 billion that was aimed at supporting 75%—just three quarters—of those struggling businesses and organisations; and the funding was awarded through four arm’s length bodies. Despite that funding, everyone would acknowledge that there are still big questions over the sector’s fragility and long-term financial sustainability and many questions about what will happen over the coming months and, indeed, years, so we want to find out a bit more about that as well in this session. We want to look at who got the money from that fund, whether it was a grant or a loan and how the repayment is being managed if it was a loan, and what risks and duplication issues there were, as well as looking, as I said, at the long-term future of the sector.

We welcome our witnesses. First, of course, we have Sarah Healey, permanent secretary at the Department for Digital, Culture, Media and Sport. We have Dr Darren Henley, chief executive of Arts Council England; Sir Damon Buffini, who is chair of the Culture Recovery Board and was recruited specially into that unpaid role in order to help to oversee the distribution of a large proportion of this money; and Emma Squire, director for arts, heritage and tourism at the Department for Digital, Culture, Media and Sport. A warm welcome to you all. Before we go into the main session, we just want to ask a few other questions within your purview, permanent secretary, and I am going to ask Sarah Olney to kick us off.

Q1 **Sarah Olney:** Hello, Ms Healey; it’s nice to speak to you. I will indeed kick things off. We have had a lot of discussion in the Commons about a group of people that we are calling the excluded; they have been left out of support. I’m sure you will be familiar with this. They are freelancers, people on contracts—people who did not qualify for furlough or under the SEISS. I know from a lot of people in my constituency who found themselves in that situation that many of them were coming from the arts and cultural sector. They were working on films or television programmes,



or in the theatre. One of the things also raised with me is the fact that the Culture Recovery Fund, which we are discussing today, was very much funnelling funds towards institutions and was not necessarily as well designed for individuals. I can understand that, from the Treasury's point of view, they are keen to support institutions: they can see a balance sheet and see the assets; there is a financial tangibility about an institution. I wondered what you had done, as a Department, to speak up for those individuals who found themselves without funds, particularly in the cultural sector, because it seems to me that a lot of the value of the cultural sector resides within individuals and their creativity and innovation and that that is the bit that we want to be able to protect and support and see through this crisis, to make sure that it can continue to deliver once the cultural sector is up and running again. I wondered what conversations the DCMS had had with the Treasury about how best to support those individuals.

**Sarah Healey:** Thank you very much; it is good to be with the Committee today to talk about the Culture Recovery Fund. You, as a Committee, I know, took extensive evidence in November from HMRC and the Treasury about the reasons why the self-employment income support scheme is designed as it is and why it is not able to cover freelancers in particular circumstances. Obviously, that not being really within my scope, I have nothing to add to what the permanent secretaries and directors general there said to the Committee in November.

Ultimately, the decisions on the scope of the Culture Recovery Fund were for Ministers. It focuses specifically on institutions for a number of reasons—because it is preserving the long-term security of places that will provide employment in the future for freelancers within the cultural sector. Obviously, allowing a significant number of institutions to fail would have also meant that in the long term, when things returned to a more normal situation for institutions in the cultural sector, there would be many fewer to employ freelancers.

We are extremely conscious of the fact that some freelancers—as you say, many of them are within the cultural sector—have been hard hit. However, we do think that some of the funding we have provided through the Culture Recovery Fund has also managed to support freelancers. In fact, I think—Emma will correct me if I am wrong—our estimate is that around 100,000 freelancers have been supported and kept in income as a result of the Culture Recovery Fund's funding, so we have managed to do something to support them, but clearly this was never intended to be a sector-specific fund to support freelancers, which would be particular to one part of the economy.

The Arts Council has also intervened to support freelancers to some degree. I will, if you don't mind, bring Darren Henley in to say a little bit more about what the Arts Council has done in that scope. It was separate from the Culture Recovery Fund, which, as I say, focused specifically on saving and supporting institutions.



**Darren Henley:** Good afternoon, and thank you for inviting me along today. As the permanent secretary says, over the last year, separate from the Culture Recovery Fund, Arts Council England has invested a total of £51.7 million in 13,464 individuals and freelancers. We are very alive to the challenge of individuals in this area. You are absolutely right in saying that the sector has a larger than average number of freelancers in it. We will do everything we can. A crucial thing to say also is that by investing in the infrastructure, we are making sure that there is an opportunity for those freelancers to be employed in the future, so we need that infrastructure in place to be able to give them jobs as the sector opens up again.

**Sarah Olney:** Ms Squire, are you waving at me?

**Emma Squire:** I just wanted to add a bit of additional context to the evidence that Sarah Healey gave. In the second round of the Culture Recovery Fund, we asked organisations to estimate how many permanent roles and how many freelancers would be supported. We have not verified the figures that bidders gave us, but they have said that 100,000 freelancers would be supported until June through the awards that they were given in CRF 2.

Q2 **Sarah Olney:** Sorry to interrupt. Was it a specific requirement as part of the bidding process for CRF 2 that institutions were supporting freelancers?

**Emma Squire:** It was something we asked them to estimate. We wanted to know what the funding would support in terms of permanent jobs and freelancers. Obviously, through our evaluation, we will look at jobs supported, including how many freelancers have been supported through the fund as a whole.

Q3 **Sarah Olney:** Something else that has come up in the Commons more recently, Ms Healey—I am sure you are aware of this—is the prospect for live events this summer and for some of our festivals, particularly our outdoor ones. Many of them are struggling because they are unable to get insurance, which is a really important part of putting on live events in any scenario. Obviously, there are specific risks this year that live events producers need to insure, but the insurance products are simply not available on the market at any price. I know that representations have been made to DCMS about a Government-backed insurance scheme for live events. We have seen similar things on the continent. Have you got an update on whether that will be possible?

**Sarah Healey:** We are obviously very conscious of the issue. You are quite right, and we have listened extensively to the sector's views about this. Clearly, in the case of film and TV, for certain circumstances specifically because they were able to start up, we were able to make that intervention and provide a state-backed insurance scheme. We are aware of some of the issues facing the sector in opening up. I do not have an update for you at present about any change in policy, however.

Q4 **Sarah Olney:** What are the remaining obstacles? This is a subject that



has been discussed for a while. What are the obstacles to getting this set up?

**Sarah Healey:** We are obviously conscious that we need to make the best possible use of taxpayers' money, and that we avoid any form of dead-weight in any kind of insurance scheme. Fundamentally, it is for Ministers in discussion with the Treasury to decide how to prioritise public funding to support the sector in the next period of time.

**Sarah Olney:** Thank you.

Q5 **Chair:** Ms Healey, have you done any modelling on the cost of underwriting insurance for the potential magnifier in terms of investment, including in private sector supply chains? Some of the figures that have been quoted are quite stark. This risk to taxpayers' money could generate a lot more, but obviously you will have to do an analysis, as you say, to protect taxpayers' money. Has that analysis been undertaken, and can you give us any hint about what the Department's issues of concern are?

**Sarah Healey:** As I have already said, there are obviously concerns about dead-weight and about events that are already planned to go ahead. There is also ongoing uncertainty about exactly what forms of restrictions are likely to be in place, and therefore we want to make sure that we are not placing too much of a burden on the public purse, but we are clearly conscious of some of those issues, and we gather data all the time about the issues facing the sector. I do not think I could say we have done some specific modelling that I could share with the Committee.

Q6 **Chair:** Have you done some internal thinking on this, even if it is not public or shareable?

**Sarah Healey:** We maintain ongoing work about exactly what is happening within our sectors and what the likely issues are.

Q7 **Chair:** Have you done any analysis of the point of no return? Some festivals and events will have to make a decision now about whether they start spending money to buy in acts, audio-visual, or whatever it may be. That money will not go out the door if they do not have certainty fairly soon—obviously, dates change for different organisations—so have you done any analysis on that? Emma Squire is nodding, so I do not know if she is going to take that.

**Emma Squire:** Yes, I am happy to take this one. Of course, as Sarah says, we are working really closely with regulators, the insurance sector, the Treasury, and trade bodies such as UK Theatre and—*[Inaudible]*—all the time to understand the data that they are presenting, and all the different barriers to full reopening and some of those big decisions. We are really conscious of the lead times, both for west end theatre productions and business conferences and for festivals, and we are getting an ever more granular understanding of exactly when particular decisions are made and sunk costs are incurred. We are, of course, active in every area of the covid impact on our sectors, working closely with our stakeholders to understand and think about policy development in this area.



**Q8 Chair:** That is a long answer. The question really is the gearing and underwriting. We recognise there is a risk to the taxpayer: if covid restrictions continue or extend, or we go back into a lockdown or anything, obviously there is a risk. On the other hand, there is also that balance of it unlocking a lot of money if insurance companies will not pay out. You are saying, Ms Healey, that that has really now gone to Treasury and Ministers to look at. Is that effectively where we are at?

**Sarah Healey:** Ultimately, the decision about changes of policy is obviously not for us, and we have been listening to the sector on an ongoing basis and making sure that there is clear awareness of some of the issues facing event organisers and others, as Emma says.

**Chair:** I think that is a clear message for anyone who is lobbying: they need to be lobbying the Treasury and Ministers, as well as your Department, of course. Ms Olney, did you want to come back on that point?

**Q9 Sarah Olney:** Just a really quick question. Certainly, with the absence of Government-backed insurance, it will be very difficult for many aspects of live entertainment to start back up this summer. What kind of analysis have you done of the long-term impact not just on organisations, but lots of the supply chain that depend on these kinds of events? What is going to be the impact of another summer of being unable to deliver to live audiences and the income streams that come from that?

**Emma Squire:** It is worth saying that the Culture Recovery Fund will de-risk, to an extent, some of the restart costs for organisations, because it will support some of the costs of either partial or full reopening, so that is already a contribution. We have been really heartened to see the numbers of theatre productions that have been announced for the summer, although of course, whether those go ahead or not may change over time depending on the road map, the availability of insurance and so on.

Supply chain organisations, in particular, have been eligible to apply to the Culture Recovery Fund where they are culturally significant—so, where they are really important in providing services to the culture and heritage sector, or—*[Inaudible]*—in their region, or where they innovate. The Culture Recovery Fund is explicitly supporting important supply chain organisations, as well as festivals and theatre productions themselves.

**Q10 Chair:** We will come to the Culture Recovery Fund in a moment, but can I ask Ms Healey or Ms Squire what kind of restrictions people can look forward to for the events that are actually going ahead? There is the whole debate about vaccine passports, which I guess you cannot give us an answer on at the moment, but what else is in train and in place to enable events to go ahead? Is there anything you would like to add about what needs to be done on a practical level to enable these events to take place?

**Sarah Healey:** Obviously I cannot say anything further than what is in the road map, in terms of what restrictions are expected at different stages of its implementation. It is not for me to speculate about exactly



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what that will look like and what choices will be made by Ministers about dates and restrictions, but I am sure you are aware that we are currently running a whole programme of pilots in order to test different approaches for safety and the impact on infection rates. We are running those during April and May, including the FA Cup semi-final at the weekend. We are testing different settings in different ways.

We will do a further round of pilots at the end of May. This is all governed by an industry-led board, so that it makes sense and is something that organisers of events can implement. It has a science board oversight in order to ensure it is giving us the best possible scientific data about what kind of arrangements are best to put in place at large events. The results of those are aligned to the other ongoing reviews that were set out in the road map. Decisions will be made along the timeline that is set out there.

**Q11 Chair:** Obviously a lot of that has an impact on the volume of people. Even with the theatre productions that Ms Squire talked about, fewer people in an audience and fewer people working on them can still have a long-term impact. We will come on to that in the main session.

Finally, I want to probe you on the Treasury minute response that you sent us to our report on broadband, following your appearance in front of us at the end of last year. Shortly after you came in front of us, the deadline for reaching superfast broadband was extended, as was fairly predictable. The Treasury response did not really reflect the changes that were announced shortly after that hearing. Why was that?

**Sarah Healey:** Yes, I am sorry about that. That was all because the timings for clearance of the Treasury minute did not quite align. In fact, with the minute we sent at the end of March, the announcement about the changes in the deadlines came in the national infrastructure plan alongside the spending review. I think I wrote to the Committee after that to let you know what had happened there, and you reflected those changes—the 85% and trying to accelerate to 100% by 2025—in your report.

I also wrote to you when we published the project gigabit report, in order to set out the action that we are planning on taking to implement, much of which is relevant to conclusions of the Treasury minute. I am happy to answer any questions that you might have now about exactly how it is relevant to those recommendations.

**Chair:** In that case, I will go to Sir Geoffrey Clifton-Brown.

**Q12 Sir Geoffrey Clifton-Brown:** Good afternoon, Ms Healey. Welcome to the Committee today. Clearly, this is a big disappointment to areas like mine where there are a lot of hard-to-reach properties. It is a scaling down from the election manifesto pledge, which was, “We intend to bring full fibre and gigabit-capable broadband to every home and business across the UK by 2025.” It has now slipped to 85% by 2025. Was this due to the sheer practicality of being able to fulfil the election manifesto pledge, is it to do with money or is it a combination of the two?



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**Sarah Healey:** We have said that if we can accelerate beyond 85% then we absolutely will. In that sense, we will spend more money if we are able to do so.

Q13 **Sir Geoffrey Clifton-Brown:** But it isn't just spending money, is it? Is it the sheer capability of your Department, working with Openreach and other providers, to achieve the target? Is it money, physical capacity to do the work or other limiting factors?

**Sarah Healey:** The main challenges lie around physical capacity to do the work, not around money. The Government are still pledging £5 billion for the delivery of gigabit-capable broadband.

Q14 **Sir Geoffrey Clifton-Brown:** So does it remain a priority of the Department to do better than that 85%? One thing we have discovered during the covid lockdown is how important fast full fibre broadband is, both to education and learning and to businesses. In my constituency, I have one of the highest percentages of home businesses in the country. Alongside other infrastructure, this is a very important matter. Can you give us any assurance that it remains a high priority in your Department to see if you can do better than 85%?

**Sarah Healey:** It is the No. 1 delivery priority of my Department to go as far and as fast as possible, including beyond the 85% if we can.

**Sir Geoffrey Clifton-Brown:** That is very reassuring, thank you.

**Chair:** The Committee will return to this issue, because it is a major project that the Government and your Department will deliver.

Let's move on to the main issue: the covid-19 Culture Recovery Fund. Sarah Olney, could you kick off?

Q15 **Sarah Olney:** Thank you, Chair. Ms Healey, the aim of the Cultural Recovery Fund was to support 75% of organisations in the sector at risk during 2020-21, so that enough would survive to prevent permanent loss of cultural assets and organisations and, by extension, their workforces. We just discussed some of the issues around that. How did you work out which 75% you wanted to support? How well do you think you got support to those organisations?

**Sarah Healey:** We were aware pretty much from the beginning of the first lockdown that the impact on the cultural sector of the restrictions would be particularly severe in comparison with the rest of the economy. All our funding packages throughout this experience were designed using best as possible—but imperfect in the circumstances—assumptions. They were developed under pressure and using information and data that are not the kind that the Department keeps on a regular basis, and probably is not data that would be cost-effective under normal circumstances for us to collect.

The Government have never said that they are able to save everything in any sector. The same is true of our intentions vis-à-vis the Culture Recovery Fund. Obviously, there was huge uncertainty around the



estimates that we made. They were never about a specific 75% of the sector that it was targeted toward; rather, a range of scenarios were put to Ministers about what we thought was the likely impact of different ranges of funding. Uncertainties around that were flagged to Ministers at the time, so that they were able to make an informed decision. Essentially, this was about modelling the size of the fund, rather than picking 75% to save. That seemed reasonable, considering the huge pressures on the public finances and the fact that there was never any intention across any of the interventions that Government have made, such as furlough, to save every job and every organisation in difficulty.

As the NAO Report rightly points out, the reasonable worst-case scenario that we had when we constructed the fund, and when discussions with the Treasury settled on the size, actually got worse. The scenario that we are in is worse than the reasonable worst case that we put to Ministers alongside those assumptions. A set of other things has changed, such as the extension of pan-economy measures; the ways in which different organisations have restructured in order to survive, diversifying their activities, and the ways they have been able to use their reserves.

The fundamental impact—I will ask Emma to say a bit more—is that we have been able to offer some assistance, at least, to all the organisations that met the criteria for the fund. We do not think that anything of the sort of magnitude suggested by our 75% modelling that were eligible to receive funding from the Culture Recovery Fund have ended up in distress. I acknowledge that they have had to make incredibly difficult decisions to survive.

**Q16 Sarah Olney:** Could you repeat that? Did you say that nobody who applied and was approved for funding has ended up in distress?

**Sarah Healey:** I am not saying they have not ended up in distress. A lot of organisations have made incredibly difficult decisions: redundancies and other things in order to survive. We have kept open a route during the operation of the Culture Recovery Fund for organisations in distress, so that they could flag if they needed extra support. I am sure Emma can come in on this; we think that we have been able to help all the organisations who applied and met the criteria.

**Emma Squire:** Just to add to that, as Sarah said, we were aiming at 75% of the sector. We wanted a critical mass—in fact, a majority—because we were so conscious that the culture and heritage sector is an ecosystem. We had really clear criteria, including financial criteria and cultural significance criteria. Had we had to knock out some organisations that met all those criteria, we also had some balancing criteria, which were around levelling up and diversity and inclusion. In practice, because of all the reasons Sarah Healey just set out around the extension of pan-economy measures and the cost savings organisations themselves were able to make, we did not have to use those balancing criteria to rule out support for organisations that met the headline criteria, which were around financial need and cultural or heritage significance.



**Q17 Sarah Olney:** From what you were saying to start with, your assumption was that, on your modelling, you would need about £1.57 billion in order to support those 75%. What were the elements of the modelling that fed into that assumption?

**Emma Squire:** We worked with our analysts and our arm's length body analysts to both draw up some scenarios—we had a reasonable best-case scenario and a reasonable worst-case scenario—and to look at each subsector and understand the funding gap against each of those scenarios. For example, taking performing arts, against each scenario we would have looked at the funding gap during the period of mothballing and the period of partial reopening and then the funding gap once social distancing ended but perhaps consumer confidence remained low. We gathered data using DCMS and arm's length body surveys, we talked to sector-support organisations and we did a large number of one-to-one deep dives into the balance sheets of particular organisations. Of course our arm's length bodies understand large swathes of the sector that we were supporting, but we were also obviously inviting bids from fully commercial organisations that did not have a prior relationship with our arm's length bodies, so when it came to those one-to-one deep dives, we were particularly interested to talk to organisations that were less known to our arm's length bodies.

**Q18 Sarah Olney:** You mention commercial organisations. We briefly touched on supply chain organisations, and you said funding was available to the culturally significant or those making a culturally significant contribution. I have heard from a number of businesses in my constituency that were refused funding that provide things such as AV services, for example, almost wholly to the live events sector. They were turned down for funding, yet they know of equivalent businesses that were accepted. Can you tell me a little bit more about what renders a company culturally significant in this space?

**Emma Squire:** It may be that they were turned down on the financial criteria, rather than the cultural significance criteria. I would not be able to say without knowing the individual organisation. Organisations had to be financially viable going into the pandemic; they had to be at risk of financial failure in that year; and they had to be culturally significant. When it came to supply chain organisations, for example, we were looking at whether the services they provide were predominantly for the heritage or culture sector, whether those services were scarce, whether the services they provided were particularly innovative and whether they brought together a number of services that were particularly relevant to the sector in a really cost-effective way. Those were the kinds of judgments that assessors in Arts Council England, Historic England and the National Lottery Heritage Fund were making.

**Q19 Sarah Olney:** Finally, for the 25% of organisations that you were not initially aiming at, when you said earlier that everybody who applied got some kind of help, does that mean that actually there was not a 25% that were not helped, or were there organisations that were excluded from support?



**Emma Squire:** There were, of course, lots of organisations that did not receive funding, but that was because they failed on either the financial criteria or the cultural significance criteria. We think that almost every organisation that filed the correct paperwork and met those headline criteria received funding. In some cases, they might have received a reduced award compared with what they bid for. In those cases, that would have been because they were asking for ineligible or unnecessary costs.

Q20 **Sarah Olney:** And did every organisation that got turned down get substantial feedback as to why?

**Emma Squire:** I might pass that one to Darren Henley, who understands what aftercare ACE provided.

**Darren Henley:** They were communicated with about what they failed on. It is true to say that some organisations were not ready to come into the scheme in Culture Recovery Fund round 1, but did succeed in coming in in round 2. We did provide feedback, but it was not extensive. The one thing we should say is that a large volume of applications had to be assessed in a very short time.

Q21 **Sarah Olney:** And no opportunity for appeal?

**Darren Henley:** The Arts Council has a complaints process, so you can come and complain to us if you are questioning or challenging our process, but not an appeal process.

Q22 **Chair:** Things were moving fast, Mr Henley, but why was there no appeal process for this fund?

**Darren Henley:** We assessed on the criteria that were set out around cultural significance, financial need and financial viability. That would then become a subjective argument, if you like, with the applicant. If it was a process issue, of course we would go back to that and learn from it. We would indeed overturn a decision based on process, but not on a subjective view. One of the things for us as a grant maker is that when people put effort into making a grant application, they of course believe that they are due that money—I understand that—so we have to do it in a very objective way.

Q23 **Sarah Olney:** There was also a support package of £750 million announced for charities in April 2020. That compares with the nearly £1.6 billion for the arts and culture. How did it come about that arts and culture would need twice as much as charities to support them through covid?

**Sarah Healey:** We touched on some of this in the hearing on charities. There are two things. First, the intention of the charities funding package was very different from the intention of the Culture Recovery Fund. The charities funding package was intended both to address areas where charities had lost some of their income and very much to focus on meeting increased demand as a result of covid-19.



The cultural sector was hit in quite a different way from the way the charitable sector was affected. A very large amount of the cultural sector, as you reflected with your comments on freelancers, had lost its income entirely and was unable to diversify or fundraise in other ways, because it was no longer open and was prevented from being open. Therefore, we were looking at trying to fill those gaps and address that total loss of income, which was a different objective from the objective of the charities funding package, so they are not totally comparable. As I said 10 or so days ago when I last appeared before the Committee, it is also important to note that a very large number of organisations that received funding through the Culture Recovery Fund are charitable organisations, not just because they are non-profit-making, but because they serve an important social purpose in their communities.

**Q24 Sarah Olney:** The National Audit Office Report found that the arts and cultural sector—arts, entertainment and recreation—was among the hardest hit, and it was your Department’s belief that many of the organisations in the sector would run out of money by the end of September 2020. What made you think that September 2020 was the crucial month, and did that change over time?

**Emma Squire:** That did change over time. When we produced our business case, which the NAO rightly reported, we said that the cliff edge would be towards the end of September. Between agreeing the business case and publishing guidance to the sectors, we did further work and a few things changed. For each of the arm’s length bodies, we prioritised their own resources to provide emergency support. Arts Council England alone, for example, made available up to £160 million from April onwards as a stopgap until the Culture Recovery Fund could get under way. We also did further modelling and further engagement with the sectors, and the pan-economy schemes came out. By the time we published guidance, we were looking at October as our target for making decisions and awards.

**Q25 Sarah Olney:** You talked earlier about your worst-case scenario, and in fact we have now exceeded it. How did you update your plans and your modelling over time, and did that affect how the fund was constructed and awarded?

**Emma Squire:** It did mean that we made a few changes mid-flight. For example, organisations in receipt of awards from the Culture Recovery Fund round 1 were supposed to have spent all of the funding by the end of the financial year. We agreed with the Treasury that they could stretch that funding out until June, because in some cases the funding had been for activity in a business plan that they were not able to undertake because of further local or national lockdowns, so throughout we were making adjustments where it made sense to do so to support organisations. Of course, they then had to resubmit updated plans to persuade us that how they were allocating the money would be on eligible costs, but we wanted to show that flexibility in the light of the changing circumstances.

**Q26 Sarah Olney:** Did you learn from other Departments and how they were



modelling their responses to the pandemic?

**Emma Squire:** Many of the worst affected sectors are DCMS sectors. Of course, we worked very closely with colleagues leading on the charities package and colleagues leading on the sports winter survival package to share lessons learned and to share approaches. That was going on in real time.

Q27 **Sarah Olney:** Thank you. That is really helpful. Sir Damon, you were appointed the chair of the Culture Recovery Fund board. Can you talk me through a little bit how you used your previous business and cultural experience to help to shape the way the Culture Recovery Fund was designed?

**Sir Damon Buffini:** Good afternoon, everybody. As you say, I was appointed to be the independent chair of the board. The context here is really relevant. As I think the Chair mentioned, it is a pan-cultural intervention, pretty unprecedented in its scale and scope. It therefore had four ALBs—arm's length bodies—working on it and lots of external experts to co-ordinate.

It was absolutely time critical. Looking back, I think as the permanent secretary has written to you, I think the fund has supported over 5,000 organisations now. In my opinion, lots of those organisations would not have survived and would not be reopening had the fund not intervened in a timely way. Of course, it is a very large amount of taxpayers' money. Therefore, rigorous due diligence and scrutiny are absolutely essential.

The board's role, and my role, in this process was really to provide overall assurance that the scheme achieved that balance of timely intervention, but also rigorous due diligence and rigorous process. The board's specific role was to oversee the smaller grant programme, which is £0 to £1 million. I think there were over 5,000 of those grants, so we could not look at all of them, but we looked at the overall shape of that programme in round 1 and round 2.

We had a specific commenting role on the larger grants—between £1 million and £3 million—so we were able to feed back our comments to the relevant ALBs, look at the data and scrutinise the information that they gave us. Then we were decision making on the repayable finance. We did that through an investment sub-committee of the board. It was selected from the board but specifically had members on there who were familiar with repayable finance. I was part of it. In my past career, I have spent a lot of time on repayable finance.

The board is really constructed of lots of different experts with different experience, so that they could really—

Q28 **Sarah Olney:** Apologies for interrupting, Sir Damon. I was looking up the list of the board members the other day. They seem primarily to be drawn from arts organisations, so I am interested to hear you talking about things like assurance and investment. Do you think that you had the right mix of people on the board to be able to provide that sort of expertise?



**Sir Damon Buffini:** Yes, I do. You are right, it was a real combination of members who had arts experience, and of course we had the chairs of all the arm's length bodies on the board. Some of them actually do have finance experience: Sir Laurie Magnus has finance experience, even though he is a chair of an arm's length body; myself; Hemant Patel is the current finance director of Premier Inn; Claire Whitaker is certainly part of the culture community and has a lot of experience of finance in the cultural sector; and Jay Hunt, who was a broadcaster, has significant experience of finance in the arts community.

Overall, yes, I think we had all the expertise and the balance that we needed to make sure that we could assess both the cultural significance and the financial viability and profile of organisations that the arm's length bodies asked us to look at.

Q29 **Sarah Olney:** In terms of your own business background, to what extent did you bring that private sector commercial knowledge to the role of the Culture Recovery Fund board, and exactly how did that influence the board's decision making?

**Sir Damon Buffini:** The whole process is one of trying to achieve the balance between speed and proper execution, and robustness of due diligence. In my business career, I have also been on the board of the Royal Shakespeare Company for six years, and I chair the National Theatre. The whole board was trying to ensure that that balance was achieved.

If I take the repayable finance programme, for instance, the cases were often very complex, and we had input from the ALBs and also from external experts on independent business reviews. Establishing that investment sub-committee was very worthwhile; it enabled us to focus absolutely and deep dive on those particular cases. I chaired an investment committee in my old firm for something like 16 years, I think—I cannot remember, but it was a long time—and Sir Laurie was also involved in several investment committee processes, so I think we were really able to bring that commercial experience into play.

Having said that, it was very important in that process to achieve the balance between cultural significance and financial viability, and the fact that these organisations had to have exhausted pretty much all other financial avenues. To achieve that balance was not just a financial process, but a balance process.

Q30 **Sarah Olney:** Ms Healey, what steps did you take to ensure that the board and the chairman did not have any conflicts of interest in terms of allocating the funds, particularly where they may have had an interest in some of the receiving organisations?

**Sarah Healey:** Of course, we were very conscious of the risk of conflicts of interest playing into this process. The board terms of reference have very, very clear policy on how conflicts should be managed. Specifically on the role that Sir Damon has at the National Theatre, I am sure that he would be happy to explain to you how the process was managed to ensure



that that did not operate as a conflict in the decision making over that particular institution.

**Sir Damon Buffini:** Yes, and as the permanent secretary said, we had a very clear conflicts of interest policy. All the board members had to sign up to that before they joined the board. We had a register of interests, and at every board meeting, it was pretty much at the top of the agenda—it was updated for every board meeting. Any member of the board who had a conflict recused themselves from the discussion of that particular application.

In my case, I did not participate in any discussions about the National Theatre. At that time, the chair's role was taken by Carol Lake, another independent member. That was my specific situation for the Culture Recovery Fund board. I also recused myself from any discussions at the National Theatre, so my role as chair of the National Theatre was taken by another independent trustee. That is specifically how the conflicts policy affected me, but we had similar conflicts policy for anybody else who had an interest in a particular application.

Q31 **Sarah Olney:** On the long-term accountability of the board, the decisions that you have made in the last 12 months will have long-term impacts on many different organisations. To what extent will the board be accountable for those decisions? Ms Healey, I see you have your hand up.

**Sarah Healey:** It is important to say that the Secretary of State specifically and formally delegated responsibilities to the Culture Recovery Fund board, but I remain the principal accounting officer for all the funds being distributed through the Culture Recovery Fund, and in particular I am, specifically, the accounting officer for the repayable finance aspects of the board's distributions. In terms of its performance in making the decisions that it has, those responsibilities were obviously devolved to it by the Secretary of State, who holds ministerial accountability in the normal way.

Q32 **Sarah Olney:** Sir Damon, I just wanted to come back on the conflict of interest point we were discussing just a minute ago. You talked about how you weren't involved in the discussions about the National Theatre, because of your involvement with that organisation; but were you in the room? Did you hear the discussion? Were you told afterwards what was discussed?

**Sir Damon Buffini:** No, I was out of the room. Clearly I knew the result of the discussion, but I was not party to any of the discussions that took place. Likewise at the National Theatre I have not seen the application that the National Theatre made to the Culture Recovery Fund board.

**Sarah Olney:** Thank you for clarifying that.

Q33 **Chair:** Ms Healey, when you set up the fund there was a balance to be struck between revenue funding, capital funding and the loan funding. What made you decide how to allocate it, and, crucially, why was the take-up of loan funding dramatically lower than originally predicted?



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**Emma Squire:** I will jump in, if that is okay. Earlier, in answer to one of Ms Olney's questions, I described the approach that we took on modelling. In terms of repayable finance, we had some discussions with the Treasury around the threshold for the maximum grant size and the minimum loan size, and we did some modelling. We expected a number of organisations needing around the £3 million mark. As it turned out, more organisations came in at slightly below the threshold, and therefore there was some headroom in the envelope for repayable finance.

Q34 **Chair:** Do you think, Ms Squire, they gamed it and came in deliberately below the threshold?

**Emma Squire:** Well, if an organisation clearly could not survive with only £3 million of Government support, they would not have been successful in their grant application, because their grant application had to persuade us that they would still be financially viable by the end of the financial year. So I think it really was those organisations that were borderline around £3 million; and of course any threshold like that creates a cliff edge, but it did mean that we could learn lessons from round 1, and there were a number of commercial organisations that would have liked to come into repayable finance but below the £3 million threshold, and we were able to make that possible in the second round of the Culture Recovery Fund by lowering the minimum cheque size for repayable finance to £1 million.

Q35 **Chair:** So less money went out in loans; how did the Treasury react?

**Emma Squire:** The Treasury have been really supportive, and we have kept them up to date throughout, so I wouldn't say that there was a specific reaction. They were certainly aware of the demand for the first round of the repayable finance envelope, and they were supportive of the changes that we wished to make for the second round.

Q36 **Chair:** About that loan funding, one of the interesting things is that that is a 20-year payment loan book, isn't it? We look a lot at this sort of issue on the Public Accounts Committee and quite often, later down the line, Government will sell the loan book on. What are the long-term plans for this long-term loan book?

**Sarah Healey:** It is too early for us to say precisely what the plans are for the long-term management of the loan book. It is true that we are currently in a position where the loans have been awarded and, of course, in many cases, with a repayment holiday of four years on the 20 years. So we have yet to make any decisions about the long-term handling of that loan book, but it is of course an issue that we are extremely conscious of, and both Arts Council England and DCMS Finance have been assuring themselves that they will be able to maintain the necessary oversight of the loan book, in order to understand the financial health of the organisation—

Q37 **Chair:** That brings me neatly to the next question. I was going to ask Arts Council England, in the form of Darren Henley, what expertise Arts Council England has of managing a loan book of this size and potential complexity, and whether you feel comfortable, as a body, taking on this responsibility.



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**Darren Henley:** Yes, we do feel comfortable. We understand the level of responsibility. Within the Arts Council, we have colleagues who have financial experience within big accounting firms. The executive director, who is leading on that, has that background. We have also taken advice from financial services companies within legal and accounting areas, to give us assurance on that. We work very closely with our colleagues at DCMS and the Treasury to ensure that we fulfil all the Government's standards, and we are recruiting specialists within the organisation who will be permanent appointments, to drive this forward. It is interesting for us, as a grant-making body with a history, but we are very interested also in other alternative ways of investing in organisations, and this works very much with that. It is something that we were developing, actually, before the covid situation arose.

**Q38 Chair:** So this might be fine for the four years of the payment holiday, but what about when you potentially get defaulters? It may well be that some of these organisations may not survive long enough to pay, or some may just not want to pay it back or default for other reasons. What is your plan? You have all these people—that is the people you've got. How are you going to make sure you guard against defaults, or how are you going to tackle it when there is a default?

**Darren Henley:** We have funding relationships with organisations across our national portfolio—almost 900 organisations around England, which we work with year in, year out—so we are very used to looking at management accounts, working with boards and understanding the financial situation of every organisation that we work with. We will have an ongoing monitoring basis with those organisations. We will expect them to pay back—I think we should be absolutely adamant about that. This is not a grant by another name; this is a loan, and we will be working with those boards. In all those cases, those boards have had to sign up to it, and the executive team in those organisations have had to sign up to it, so we absolutely anticipate that this is a loan that will be paid back over the period of the funding agreement.

**Sir Damon Buffini:** Just to echo what Darren is talking about, in terms of the process that we went through on this loan book, there was really extensive due diligence on the financial projections of each one of these organisations, both commercial and non-commercial, and there were independent business reviews by either the Arts Council or, in particularly complex cases, independent experts. The follow-up is very clear. Each organisation supplies their management accounts to the Arts Council monthly. On a quarterly basis, they supply their board deliberations. There is a 12-month rolling cash flow, and there are also covenants, which really are an early warning system to ensure that if there is some visibility that an organisation might struggle, there is very early notification of that. That is very important.

The terms of the loan are also very helpful. It is a 20-year term. It is a low interest rate and, as you said, there are no repayments for two to four years. In some instances, there is also security. In terms of the visibility and the process that we went through, that should give some assurance



that, as Darren said, these were really considered to be loans, not grants by another name, and they were written to organisations that we believed could repay.

Q39 **Chair**—[Inaudible]—board shape this? You have given a very good explanation of what you think the safeguards are. Was that down to some of your input? I am not being rude about the Department but, generally, there are issues at times in Government about managing loan books, so I am really interested in your perspective, particularly from a business angle.

**Sir Damon Buffini:** We worked closely with DCMS and the ALBs. As Darren said, one of his directors took a primary role in this whole process. It was really an iterative process, ensuring that, first of all, we had proper due diligence and proper rigour in the application process, and ensuring that, thereafter, we had proper follow-up. It was a combination of all the aspects: the board, the secretariat, DCMS and the ALBs.

**Sarah Healey:** If I can just come in there, I think it is one of the reasons why the establishment of the boards was so important here, and why they were given specific responsibilities on the repayable finance aspect of this. It was precisely for the kind of reason that you have highlighted, Chair, about ensuring that that extra expertise was brought in through the process of the investment sub-committee that was formed of the Culture Recovery Fund board in order to assess and oversee the decision making on these particular loans.

On the long-term management, as Sir Damon and Darren Henley have set out, there are extensive processes in place for monitoring, all of which will also be communicated to DCMS. I am conscious that any long-term decision about any organisation that does end up in difficulty would come to me to assess in the normal way as accounting officer, but I think we are a little way from that, and we have also assured ourselves that I think we have done the best job we possibly could, with the information available, to mitigate all the potential risks.

Q40 **Chair:** But the system that Mr Henley has described—having all these staff and in fact Sir Damon getting all those management accounts in and looking over them regularly—is potentially costly for Arts Council England. Is the Department going to be funding the arm's length bodies with extra funding to support their management of the loan book?

**Sarah Healey:** We have not made any decisions over time about exactly what that funding arrangement is going to be, but we are obviously conscious of the importance to everybody of ensuring that Arts Council England has enough funding to be able to perform this really important task on behalf of Government.

Q41 **Chair:** Mr Henley, if you don't get additional funding to manage the loan book, how will that eat into your existing budget? What will the impact be on it?



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**Darren Henley:** We will talk to our colleagues at DCMS, who have been very supportive in this, as has the Treasury. I would anticipate that we will get to a position where we can do this within any budget that we get over the coming year.

Q42 **Chair:** Very diplomatically put—wry smiles between myself and Sir Geoffrey. But you have put your bid in there to the Department for the support.

I want to move on to some of the decisions made by the board, Sir Damon. As the permanent secretary said, you were given the responsibility on behalf of Ministers to oversee these decisions. Did Ministers get very involved in any of the individual applications? Did you talk to Ministers about them at all?

**Sir Damon Buffini:** No. It was an independent board. On the board, as I said, we had three roles for general assurance of the overview of the zero to £1 million grants. There were 5,000 of those, and the assessment and the decision making were done by the arm's length bodies. For the £1 million to £3 million grants, which we had formal reporting on, the recommendations came to the board from the arm's length bodies. We had a specific board meeting and the board made the decisions by consensus. Finally, on the repayable finance, as we talked about, they were all overseen by the investment sub-committee, and again the final decisions went to the board.

The whole process was either based on the recommendations from the arm's length bodies or the diligence from the investment sub-committee and eventually the board.

Q43 **Chair:** Obviously, as the board is a temporary set-up, which Sarah Olney touched on earlier, there is an accountability issue there. There is no criticism of board members, who came and did the right thing—you all came in to help—but you will be gone in four years' time, when there will potentially be defaults, so Ms Healey, the accountability ultimately falls to you. What is the profile for default that you have worked through with the board? Have you thought through what the impact is? We have danced around this a bit, but have you got a profile of what you think the default might be, based on other portfolios?

**Sarah Healey:** Yes. I obviously do not want to comment on any of the risk assessments made of individual institutions at all. I don't think that would be—

Q44 **Chair:** Of course not. I wasn't asking that—just across the whole portfolio.

**Sarah Healey:** Ultimately, in our accounts, we will take a prudent approach to valuation of the loan book over time, but it is a bit premature to comment on that at the moment. However, it will obviously be included in DCMS's accounts as the loans become part of the conclusions of our spending last year.

Q45 **Chair:** Okay, but one of the things—it might be you who wants to answer this, Sir Damon—is that the due diligence that took place was on the basis



of some of the restrictions being lifted by March of this year, so that was the basis of the first pay-out. That was an optimistic scenario, as it turned out, rather than the one we have ended up in. Has that altered your view of what you could have done or should have done, Sir Damon and Sarah Healey?

**Sir Damon Buffini:** I will take the loan book and then maybe pass it over to you, Sarah. When we looked at the repayable financing, we asked the organisations to take a prudent view; many of them took a prudent view anyway, given the fact that the public health situation was changing in real time. Of course, in all these circumstances, you want to have enough headroom in the financial forecasts. That is exactly why we had the independent business reviews, done by either the Arts Council or external experts—to ensure there was enough headroom, because clearly lots of things can change over a period of time and certainly over 20 years. Therefore, we want to ensure that organisations have headroom so that they can deal with unexpected circumstances, some of which might be public health situations and some of which might be economic—

**Chair:** Okay.

**Sir Damon Buffini:** In general, the diligence that was done provided to us comfort that these organisations had enough flexibility in their forecasts to repay the financing.

**Emma Squire:** As we said earlier, on the repayable finance, the up-to-four-year holiday also helps with the now more pessimistic scenarios around the return of international visitors, or reopening, compared with when the loans were taken out. As well as the social distancing scenarios deteriorating, other things improved, including the extension of things like the furlough scheme. All those things have slightly changed the economics for organisations in receipt of either grant or repayable finance, and as Damon said for repayable finance, headroom was built in for grants. Organisations could come back in to the second round of the Culture Recovery Fund to top up if they needed that, or to vary how they used their original grants if that was more appropriate.

Q46 **Chair:** I want to go on to the timetable for funding this—and thank you, Ms Healey, for your letter updating how much money has gone out. Obviously, the National Audit Office’s investigation went up to 19 February, and you sent us a letter—I think we have actually got a corrected version of it, which is dated 20 April and which gives up-to-date figures. Nevertheless, the original target was to get the money out the door by September. You explained earlier, Ms Squire, that you had revised that deadline to October for decision and award. I wonder whether you were over-optimistic in trying to get money out the door by September. In other funds we have seen across Government—to wrap two issues together—we saw things going out the door very quickly, with very little due diligence. It seems that, in this case, there was a lot of good due diligence, from what we can see, but that meant things got out the door much slower, which carries its own risks for the organisations receiving them. Perhaps you, Ms Squire, could explain, first of all, how you judged



that balance, and whether you think in retrospect that you got it right or you could have done it differently.

**Emma Squire:** The first thing to say is that we are not aware of any organisation that fell into difficulty because of the timing of the receipt of their award. Of course, for some sub-sectors, we were worried that they needed funding much more quickly. That is why we had a scheme that opened and closed, and paid out, within the month of August for grassroots music venues; that supported 136 grassroots music venues. It is also why all the arm's length bodies have offered an organisation-in-distress route for those culture or heritage organisations that couldn't wait.

The main reason why not all the funding for round 1 has gone out is that payments are happening in instalments. That is part of our post-event assurance and fraud-and-error good practice. In the case of capital, of course, we always pay in arrears, based on work completed.

Q47 **Chair:** We have had very good evidence from a number of bodies. The big ones like the Royal Albert Hall are all large organisations that presumably, on the smell of Government money, can raise money through other sources to cover their cash flow. Others have struggled a bit, and we have had some quite good evidence from some of the supply chain, which Ms Olney touched on. This is audio-visual organisations saying that they struggled with the language of the grant form, which seemed to be geared towards the not-for-profit sector, and they just felt—I paraphrase—like a fish out of water in applying for this. One suggestion was that there should have been a relationship manager for these sorts of organisations. Perhaps I will go to you first, Ms Squire, and then to Darren Henley, from Arts Council England, on that issue.

**Emma Squire:** We obviously wanted to make the process as easy as possible, but balanced with rigour and really good due diligence, in line with "Managing public money", because we are stewarding taxpayers' funds. I know all the arm's length bodies published guidance in advance of portals opening, to give organisations longer to get to grips with the guidance, and they ran workshops that people could attend. We did what we could to make sure the guidance was navigable, but there were requirements so that we could look at financial needs and business plans and do due diligence. Darren may like to add to that.

Q48 **Chair:** Maybe I will go to Arts Council England as well. Some companies form just to produce one production, so they have not got the same model and long-term finances, but they are nevertheless viable organisations. Do you think Arts Council England understood how that sector worked, compared with organisations like the many in my constituency that have physical premises, long track records and so on?

**Darren Henley:** Yes, we did. There was a good spread of organisations across all parts of the sector. It is worth saying that, for Culture Recovery Fund round 1 grants, about 40% of the people we funded were new to us, and in round 2, 23% were new to us, so it was not the case that it was a



small number of people who we had a long-term, existing relationship with.

As Ms Squire said, we learned from round 2. We did a lot of webinars, which we were able to talk people through, and we had a large number of applicants across the piece. Of course, there were a lot of people who considered applying who didn't in the end apply, so a lot of conversation was happening there.

There is a real balancing act. This was a large amount of public money, and we take safeguarding the interests of the taxpayer very seriously. At the same time, we had to move at enormous speed. That was something that we balanced all the way through this process. The figures that we have got—which suggest that of those eligible organisations that were successful, none have gone to the wall—are a very positive outcome from this.

**Q49 Sir Geoffrey Clifton-Brown:** Can I stick with you, Dr Henley? One of my organisations was very grateful to get a grant under the Culture Recovery Fund. This is me probing for them, not the other way round. They are not complaining; I am going to anonymise them. They have made two observations. One is that their grant has been paid in instalments. On each instalment, they have had to prove their bank details, which seems to be a bit unnecessary.

Secondly, I understood that the original grant application had questions on diversity. They are now being told, at the point when they are about to receive the grant, that they have to come up with a diversity milestones plan. They make the point that it would have been a lot easier if they had known at the time that they made the application that they had to do that, because they would have had it ready and got the money quicker. Could you comment on either of those, please?

**Darren Henley:** I obviously don't know the dates, as it is anonymised, but I would imagine that they may have not quite met the criteria to our satisfaction on diversity, which is why we have asked for further diversity work at this stage. That will be for those applicants who have had that second set of question.

On providing bank details, we continually do everything we can to meet the strictest criteria on counter-fraud, and we are working very hard on that. We are very mindful of the amount of public money that we are investing in a very short period of time, so I make no apology for having quite stringent counter-fraud measures right the way through the process.

**Q50 Sir Geoffrey Clifton-Brown:** But it is necessary for every instalment when they have already proved those bank details?

**Darren Henley:** Working with some organisations that we are working with for the first time, we continue to want to look very carefully at who they are and what they are doing.

**Q51 Chair:** Mr Henley, you have just mentioned working with organisations you have not worked with before. A lot of the organisations listed were



ones that would have been known to you. Do you think it was a default view that it was easier to give them money? You are shaking your head. Can you explain, then, how you tried to make sure you got that balance and reached unknown organisations? Obviously, we have had some evidence from disappointed bidders, which is in the public domain. It would be helpful to hear how you made sure you got that balance right, in your view.

**Darren Henley:** We worked very hard to identify organisations that met those key cultural criteria—being nationally or internationally significant, or being very important locally. Ms Squire mentioned the grassroots music venues, which are a great example. We worked very closely with the Music Venue Trust, and we understood the need for speed there. They were particularly small organisations and were particularly fragile at that point in April. We did a very fast programme of delivery there. Virtually all those organisations were working with us for the first time.

We have an artform-specific and area-based team. Seventy per cent. of my colleagues in the Arts Council are based outside London, and we have nine offices across the country, so we have really good relationships on the ground. We work with local authorities, elected Mayors and other area-based institutions to identify the important cultural aspects of organisations that we may not have worked with before.

Q52 **Chair:** It is interesting to note that there are more applications in round 2, which may suggest that the way it was written, the way it was crafted and the way that people knew how to apply were perhaps not so accessible to organisations that were not used to applying. Would that be a fair comment? Do any of you have anything to say about that?

**Darren Henley:** One thing I would say is that it is very rare—I have worked at the Arts Council England for a number of years now—to wake up on a Monday morning and see an arts and culture investment story leading the breakfast television news programmes, which was what happened when the announcement was made.

There was a lot out there. I am sure that some people may not have realised that it was for them, and we did a lot a communication about that. Also, I think it is worth remembering that some organisations—DCMS made the very wise decision, in my opinion, to hold back some of the money, which meant that we could have a second round—were not in a position where they needed the money at the point of round 1. With the fast-moving pandemic that we were working in, none of us knew exactly where we were in terms of public health. Actually, that meant that a lot of people were able to come in for the second round, and we were able to help them.

Q53 **Sir Geoffrey Clifton-Brown:** Again, can I stick with you, Dr Henley? I fully appreciate that you may not be able to answer this question in this hearing, in which case I would be grateful if you would write to me. My council, Cotswold District Council, understand that 50% of the funding provided to the museum may need to be repaid or carried forward to the



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next financial year. That could result in the council having to pay an additional £60,000 in the current financial year as this income can no longer be recognised as museum income in the open book accounting process. Are you able to shed any light on that, or would you prefer to write to me?

**Darren Henley:** I would be very happy to write to you, Sir Geoffrey.

Q54 **Sir Geoffrey Clifton-Brown:** Would you like me to write to you with specific details?

**Darren Henley:** Let's communicate, but I am very happy to—

**Sir Geoffrey Clifton-Brown:** Thank you very much.

Q55 **Chair:** It sounds like it would be helpful to take that one offline.

The last one from me, for now anyway, is just a small point. Kirklees Council wrote that it would have been helpful if they had had information on unsuccessful applications. Is that something, Ms Squire, that was ever considered through any route locally, so that in a local area, for example, councils, which were also responsible for supporting some of these organisations, would have known what the criteria were for turning down others? Sharing that information could be useful both for future funding, but also for future "not funding" if they had interesting books, shall we say.

**Emma Squire:** That is a really interesting point, Chair. In general, we took the view that it was not right to share the names of organisations that were unsuccessful because it might be detrimental to them, and other opportunities that they might be exploring. We did not share that, but I will go away and think about whether there could be scope at a local level. I suspect that commercial confidentiality would suggest that, without permission from those organisations, they would not wish us to do it.

**Chair:** I hear there might be challenges there. Dr Henley, you wanted to come back in.

**Darren Henley:** I was just going to say that obviously with our local teams across the country we have a development role working with local authorities, so while we would not breach any confidentiality, we would support local authorities in developing cultural programmes on the ground across the whole of their areas.

**Chair:** It sounds like maybe there will be a dialogue behind the scenes. Kirklees clearly have a lot of plans, if you read their evidence, which I will not go into. They did a good pitch to go to Kirklees for their cultural offer.

Q56 **Sarah Olney:** Leading on slightly from that, Ms Squire, did you do an analysis of the applications that you received to see whether there were certain regions or certain sectors that were perhaps under-represented in the applications, which might therefore benefit from a bit of outreach?

**Emma Squire:** Absolutely. We have obviously looked at the regional breakdown of all the success rates in awards made for all the applications



that we received, and it does suggest that there are parts of the country that have less cultural fabric and heritage fabric than other parts of the country. Of course, the Culture Recovery Fund was only there to support existing organisations at risk of failure. It was not there to create new cultural infrastructure where it does not exist at the moment, but it has given us lots of really interesting food for thought for future Government policy, whether DCMS or—

**Q57 Sarah Olney:** Sorry to interrupt; I think I meant more, did you see significant areas of under-representation among existing institutions from the ones that applied to you?

**Emma Squire:** Dr Henley might like to come in on that with more detail. No, success rates were slightly higher outside London and the south-east, compared with London and the south-east, in recognition that we wanted to do a bit of rebalancing. I am not aware of whether there were organisations from particular areas that did not apply but might have.

**Darren Henley:** It is worth saying that it was a demand-led process, so we were dependent on people making applications, but 70% of successful applications were outside London. From the Arts Council's point of view, that is quite significant investment across the whole country.

**Q58 Sarah Olney:** From what you were saying, Ms Squire, there was a deliberate attempt at some level to give preference to areas and regions outside London, as part of Government's levelling-up agenda.

**Emma Squire:** It is a recognition of local cultural significance being an important criteria in assessing bids.

**Q59 Sarah Olney:** Ms Healey, when you are evaluating the Culture Recovery Fund and looking at its value for money, what measures will you use to undertake that evaluation?

**Emma Squire:** Can I jump in here? The exact questions are still being finalised. We have tendered for the evaluation, and it will be completed this financial year, but after CRF 3, announced at Budget, is awarded. The contract has gone to Ipsos MORI, BOP Consulting and Ecorys. It will be a value-for-money assessment and also a process review. We will try to learn lessons on how we went about it and what we achieved. It will cover, for example, jobs supported and all the things you would expect.

**Q60 Sarah Olney:** Ms Healey, do you have any comment to make on that? For you, what are the most important measures that the evaluation will look at?

**Sarah Healey:** I suppose, in headline terms, we are extremely keen to satisfy ourselves that the whole process that we undertook meant that organisations in need of support were supported, and that we did indeed achieve our objective of supporting a significant proportion of the cultural sector through a very difficult time. But as your questions have highlighted, and as Ms Squire's responses have covered, there will be a whole series of other things that we will want to test, including the extent to which we achieved the right kind of regional impact, the extent to which



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we managed to reach organisations that we do not normally have a relationship with and, as far as possible when we conduct the evaluation of the funding, the long-term impact that we have provided.

The fund is obviously very unusual. Dr Henley commented about the way in which it led the news when it was announced. It is pretty unprecedented to have this level of investment into the arts and culture in one go. Therefore, throughout the time that we have been overseeing and distributing the Culture Recovery Fund, we have been learning lessons about how we will do things. We have obviously learned that between rounds. Clearly, while we would never want to see the kind of impact that the arts, cultural and heritage sectors have experienced during the last year ever happen again, we will obviously want to learn for the future how we can best interact with all parts of those sectors in offering financial support. There will be lessons that we can learn for the future distribution of public funds to these kinds of institutions and sectors.

**Q61 Sarah Olney:** Thank you. Sir Damon, we have talked a bit about how no culturally significant businesses have failed. To what extent do you think that the Culture Recovery Fund is responsible for that? How many of these businesses may have continued anyway without the fund's support?

**Sir Damon Buffini:** I cannot answer specifically on individual cases, but as I said at the beginning more than 5,000 organisations have benefitted from the fund. Being part of the sector, with my chair of the National Theatre hat on, I know that many, many organisations would have failed if this fund had not intervened as it did, and many organisations would not have reopened if the fund had not intervened in the second round.

Although I cannot answer specifically in terms of which organisations, I am absolutely sure that this fund has achieved its goal, which is to support what is a world-class sector for this country. The sector will be able to open its doors, re-employ freelancers and entertain the public, in whatever cultural activity they want to undertake, across the whole country. So it really has achieved its aim. The permanent secretary said, quite rightly, that there are lots of different factors on which the fund will be judged in the future, but in terms of the primary role of supporting the sector through an unprecedentedly difficult time, the fund has achieved that.

**Q62 Sarah Olney:** Ms Healey, did you have your hand up because you want to say something else?

**Sarah Healey:** I did, yes. I just want to go back to your assumption at the beginning of that question and to be clear that our contention earlier, which we stand behind, is that no organisation that was approved for funding, and that therefore met the criteria, including that of cultural significance as assessed by the board, has subsequently become insolvent. We believe that is the case.

We recognise that that does not mean that large parts of the cultural sector have not experienced some very difficult times and that some organisations have become insolvent as a result of this situation.



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Nevertheless, the Culture Recovery Fund has been absolutely critical to the survival of many thousands of them.

**Q63 Sarah Olney:** Dr Henley, did you want to say something?

**Darren Henley:** Yes, I just wanted to echo the previous two comments. It is a fact that in the 75 years that the Arts Council has existed, this is the single biggest investment in culture in this country in one go. The scale of it means that we will have a sector that will be able to grow and to come out of the really challenging positions and situations that it has been in. Without that investment, the sector would have been in some doubt.

**Q64 Sarah Olney:** Ms Healey, Ms Squire was talking earlier about the evaluation that has been commissioned. Do you think that the value-for-money criteria ought to have been set already or certainly at an earlier stage in the process?

**Sarah Healey:** Just to be clear, I have been assured of the value for money of the spend at all times. At no time have I felt that there has been any doubt that the funding has been value for money. I think what Ms Squire was referring to was that we would be assessing the extent of that, rather than whether or not the fund was value for money.

**Emma Squire:** The business case shared with the National Audit Office covered all five business cases, including our economic case for the intervention.

**Q65 Sarah Olney:** I was referring more to what measures you will be looking at in order to establish how successful it has been. I am interested to know, for example, not just how many jobs have been saved in the institutions that were supported directly, but whether there might be something on jobs in the supply chain that have had the secondary benefit, if you like, of being saved. Have you thought a bit more about what those measures might look like?

**Emma Squire:** Yes. I cannot share with you right now the exact details of the questions that the evaluation will cover, but we certainly want to look at the impact on the wider ecosystem and the cultural ecology of the support to the organisations that were supported.

**Sarah Healey:** Would it be helpful, once we have settled on those and they are in a condition to be shared with the Committee, for us to write and let you know what they are?

**Sarah Olney:** Yes, please. That would be wonderful.

**Chair:** As you may have seen, we had a lot of evidence about the supply chain. It is something that our constituents have thrown up as a big issue, as Ms Olney highlighted at the top of the debate.

**Q66 Sarah Olney:** We have already touched on how there was a much higher demand for the second phase of funding. What approach did you take the second time round to determine which organisations were most in need of the money at that stage, Ms Healey?



**Sarah Healey:** Ms Squire, I think you were going to come in here.

**Emma Squire:** It was the same approach as for round 1, in that each of the arm's length bodies applied the financial and the cultural significance criteria. There were some discussions at the board to assess whether we needed to use the balancing criteria, to winnow down the number of awardees. The other option, which was the option that we pursued, was to look again at each of the applications, strip out unnecessary costs, and offer some lower awards to support organisations in need. That is the approach that we took.

Q67 **Sarah Olney:** Demand was higher in the second phase—we have already touched on some of the reasons for that. Dr Henley mentioned earlier how some organisations perhaps did not feel the need to apply the first time around, but their finances perhaps became more stretched as time went on, and that was what prompted second-round funding applications. How confident are you that you have done enough to support the long-term sustainability of the sector through those awards, particularly in your choice of organisations to fund?

**Emma Squire:** All of the awardees had to convince the assessors that the size of their award would put them on a stable footing going into the next financial year, and we are now also supporting reopening and restart costs. The financial viability was assessed alongside financial need.

Q68 **Sarah Olney:** To what extent has the volume of applications for funding made you reassess the level of financial support needed across the sector? How are you thinking about the future and what might be needed, particularly given that, although it looks more optimistic than it may have looked three months ago, we are nevertheless still in a state that is worse than your worst-case assumption when you set this up a year ago?

**Sarah Healey:** I will start, and then I am sure Emma will want to add. We keep the need for further funding of our sectors under review at all times, and we will always be ready to see what we can do to respond should that need arise and should we need to assist, especially having made the difference that we have with the Culture Recovery Fund—we would not want to see that investment wasted. That would be an issue for taxpayer's money.

As we said right at the beginning when we were talking about some of the modelling that led to the amount of money that was placed in the fund, we feel that, for a whole host of reasons—some of them very difficult for the sector—the funding in the Culture Recovery Fund is probably stretched further than we anticipated it would be at the time when it was agreed. Despite the difficult public health circumstances, it has been able to support a broader, larger proportion of the sector than we might have anticipated at the beginning. In that sense, we do not have any immediate concerns about the level of funding available, but we will always keep that under review.

**Emma Squire:** I would add only two points. All of the bidders put forward a business plan, and in many cases, they had to demonstrate cost savings



themselves. They looked at restructuring in different business models and so on, so in some cases they may have worked towards a more sustainable business model coming out of the crisis. We also made available up to eight weeks' reserves of operating expenditure, to provide a little bit of a buffer to all those in receipt of an award when coming out of this. Of course, many organisations will really have borne down on their reserves and will be more fragile post-pandemic. As the permanent secretary says, we will keep this constantly under review.

**Darren Henley:** I would just add that, as a development agency for arts and culture, we work very closely with our colleagues at DCMS to gather data and to share that with the organisations. We have an ongoing programme of investment in arts and cultural organisations regardless. A big part of that is resetting and understanding what we can do to best channel our investment to make sure that arts organisations, museums and cultural organisations really thrive as soon as they possibly can out of this quite difficult period.

**Q69 Sarah Olney:** From your conversations with them, what do you see as the emerging risks across the sector?

**Darren Henley:** The area that we obviously do not know is consumer behaviour. That is one of the big, big question marks at the moment. We are really interested in working on that, and many of the science-based research projects that are under way and which DCMS is running at the moment are helping us to get some initial early data on that.

It goes without saying that we do not know how the public health factors are going to change over the coming months, and we are very much beholden to that. We are talking to organisations. I suppose what is very different with our sector is that it is unlike the retail sector, where you just pull up the shutters, turn on the cash registers and sell the stock you had anyway. We have a big development time—there is a timeline. Whether you are developing a new performance or putting on an exhibition, there is time to get that to happen. We are working on that.

I pay tribute to the people who lead our cultural organisations for their flexibility and the way they are trying to think about how they can plan to make the best use of the money they have to engage with their audiences. We should say that, over the last 14 months, they have engaged a lot with audiences in a very different way. That flexibility means that we are optimistic, but we are realistic at the same time as to the challenges that we all face.

**Sarah Olney:** Thank you very much for that.

**Q70 Sir Geoffrey Clifton-Brown:** You may or may not be able to answer, but some sort of an indication for the whole sector, which has been struggling financially because of the pandemic, would be of great interest. Have you done any thinking about where all this particular funding leaves Arts Council funding in future years?

**Sarah Healey:** We missed the beginning of that question, I'm afraid.



**Sir Geoffrey Clifton-Brown:** I sort of paraphrased it to give you a let-out, if you like. Given the pandemic situation and the effect on the sector, the sector will be very interested to know whether you have done any thinking, or anything more than thinking, about what sort of funding you might give it in future years.

**Darren Henley:** From the Arts Council's point of view, at the end of this calendar year we will open up the applications for our next national portfolio, which will be three or four-year core funding, currently for around 900 organisations. Every time we do that, we start with a blank sheet of paper and people bid in. So, yes, we are thinking about that. We are very interested in the shape of the cultural ecology of the whole of England. That is very important to us. We also think that it is very important to have world-class work all across the country, on people's doorsteps, but also for people to be able to make world-class work in their locality and to participate in it as well. It is about performance and participation. We have a 10-year strategy called Let's Create, which will deliver that between now and 2030.

The other things we are looking at specifically will be about how we might work to reset some of the business models, and about some of our learning from this and some of the learning of these organisations in terms of delivery around new technology and the blend of live performance, technology and digital performance. All these things will be factors that we look at. We have a world-class sector here. They are very imaginative, creative and innovative, so it is not about what was but what could be. Again, while being realistic, I am optimistic.

Q71 **Sir Geoffrey Clifton-Brown:** May I follow your optimistic reply, as you say, Dr Henley? I have found during the lockdown that some of my cultural institutions have been incredibly innovative, which I think will stand them in very good stead for the future. I hope that, actually, some of your future funding may build on that innovation.

**Darren Henley:** I hope so too.

**Sir Geoffrey Clifton-Brown:** Thank you.

Q72 **Chair:** Thank you, Dr Henley.

I want to go back to this issue of the loan book, Ms Healey. As I said when I was asking questions about this, the Committee has looked at loans across the whole, and the quantum of loans for covid alone adds up, across all of Government, to about £89 billion of taxpayers' money. As the permanent secretary leading on the loans in your Department, are you in conversation with other permanent secretaries? Does it come up at colleagues' meetings about the plans? Obviously you are not today going to commit to their being sold off or anything like that, but is there some discussion and learning across the piece? Are there lessons that you think you could give other Departments, and are there lessons that you have learned from other Departments about managing your loan book?

**Sarah Healey:** We will absolutely, definitely want to follow excellent practice. Of course, in terms of the sort of scale of covid loans that you are



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talking about, the Culture Recovery Fund is a mere minnow, but we will of course—[*Interruption.*]

**Chair:** It is a minnow these days. We are just laughing because, of course, only a year or so ago we would have thought it was a lot of money, but we get your point.

**Sarah Healey:** It is a lot of money for the sector. As we said earlier, it is an unprecedented amount of money for the sector as a whole, but none the less, in comparison to the amounts of money that have gone into bounce back loans and so on, it is relatively small. We have very close and long-term relationships, through the Arts Council, with many of the organisations that received loans, if not all of them, so, in that sense, it is a little bit unusual in comparison with some of the other loan regimes that have been rolled out across Government. But that does not mean that we will not at all times want to share our good practice and to take good practice from other Departments. Indeed, we are very keen, among the finance community and others, to learn from other Departments about how they are handling this. But I think there are some distinctions between our £200 million-plus arrangements in the way in which they are organised and the number of organisations that they have gone to, which distinguish it to some degree.

Q73 **Chair:** I think I will start with Dr Henley on the issue of the supply chain. As Arts Council England is not really being geared up to fund the organisations that make up the ecosystem that supports excellent theatres such as the Hackney Empire in my patch or Graeae Theatre. They do not have premises. If they go and crowd fund, nobody has ever heard of them, whereas the Hackney Empire has a profile. I will not give you my opinion, because it is not really relevant, but have you thought, in your future planning, whether you need to, and how you would, make sure that that ecosystem is supported—not just the big cultural institutions or the innovative new ones that you fund because of their arts and cultural record, but the ones that are actually delivering the technical side of it—so that those cultural organisations can deliver their offer?

**Darren Henley:** Your question hits the nail on the head. It is an ecosystem, and in ecosystems you will have large and small, and you will have quite differentiated sorts of organisations. We very much think that, over time, we need to make sure that the supply chain is represented. Clearly, funding is finite, so we have to be honest about that. It is not that we suddenly have lots of money, so we have to look very carefully at how we make sure that some of the very specialist organisations that feed into the cultural infrastructure and that are relied on by, as you say, household names such as the Hackney Empire, and what we can do to make sure that they are funded in this process. That will be something that we will do over the coming months, as we assess the impacts of this funding but then think about what we need as we trade more normally in future financial years.

Q74 **Chair:** Either Ms Squire or Ms Healey—you can decide who is best to take this question—how much do you see the Department's role as also



overseeing this business sector? It is cultural business, but some of these are not cultural businesses; they are businesses that support the cultural sector, which are really critical. How much do you see it as part of your forward-looking? Are there any discussions in the Department at this stage about how to perhaps work with the sector differently, especially in the coming difficult years that we are still going to see as we recover from covid? Ms Squire, it looks like you are nodding, so I will go to you first.

**Emma Squire:** One of the few silver linings of the pandemic has been the depth and breadth of the relationships that we have built, as civil servants and as arm's length bodies, with "not the usual suspects" stakeholders through all the working groups that we have been running, through the Culture Recovery Fund, but also through all the work that we have done on guidance, road maps and everything else. There is food for thought for us on our future relationship and how to build on some of the new links we have, whether it is with the more commercial end of the arts sector or with the supply chain specifically, as you say. However, in general, Government's role is to create the conditions for success and to get out the way, so we will want to think about that really carefully over time.

On your earlier question on the supply chain, I just want to mention the heritage supply chain, because the capital elements of the Culture Recovery Fund were specifically aimed not just at avoiding escalating costs for heritage repair of really important heritage assets, but at supporting small, specialist heritage construction businesses—thatchers, lime plasterers and so on. They have been really front of mind in the design of the capital element of the Culture Recovery Fund.

**Chair:** Ms Healey, you wanted to come in.

**Sarah Healey:** I just wanted to echo exactly what Ms Squires has just said and pay a huge tribute to her team and the other teams of officials across DCMS, who had to get up to speed with a whole new set of relationships and a new set of information very quickly in putting this fund and our other support for the sector together, ably supported by our arm's length bodies. As Emma says, we would never have wanted this to happen, but it has actually given us much deeper and stronger relationships across the whole of the arts, cultural, heritage and film sector than we had previously, and it is something that we very much want to build on.

Q75 **Chair:** This is the last one from me. We touched on due diligence and went into that in some detail. From what the NAO has looked at, we understand that when you have found fraudulent applications, you have not actually given them any money, but I just wanted to make sure I have an update on that. Are you able to make any general comments on the types of fraud that people or organisations try to commit?

**Sarah Healey:** I think this is primarily an issue for Arts Council England, so I might ask Dr Henley to respond.

**Darren Henley:** We have a dedicated counter-fraud resource, and we have worked all the way through this process to verify bank payments. We

are phasing payments so that we are sure that only proportionate amounts of money are going into bank accounts at any time. Grants over £1 million are reviewed by independent accountants, and any suspected fraud applicants are put on hold immediately.

I should say that, at this stage, we have identified no fraudulent payments at all. To date, we have received and investigated 46 allegations of fraud, including some that went via the Cabinet Office Crimestoppers hotline: 43 of those 46 concluded with no fraud identified. Three grants were withheld, and only one has warranted further action and has been referred to the police. In the other two cases, our checks highlighted concerns about financial viability and the awards were withheld, but then we were supplied by the applicant with further information and we were satisfied that they were financially viable, and those grants were then paid out. I absolutely stress that, as far as we are aware, no money has been paid out from this fund fraudulently by the Arts Council.

**Q76 Chair:** We touched earlier on the timeframe for getting things out, which was longer in the end than anticipated. There is that balance. It seems that, on fraud and due diligence, you have done a better job than other bits, although as Ms Healey says, they are a different scale of grants. Looking back, is there anything you would have done differently to get money out of the door faster, or do you think you needed to take this time to get the level of due diligence that led to this low level of fraud?

**Darren Henley:** I think the due diligence is very important. We had a conversation with the sector and, as Ms Squire said earlier, we understood that. It is worth saying that the emergency response fund that the Arts Council put in place at the start of the pandemic, before the CRF came along, gave some time. One of the big challenges then for organisations was simply cashflow, because literally everything turned off overnight—no ticket sales and no contributory revenue from bars or restaurants. Nobody had a plan for that level of uncertainty. Thanks to DCMS and the Treasury, we were able to vary some of our core funding and bring some funding forward. That enabled cash flow in that four to six-week period before any other funding could come in.

The fact that we had those conversations, and that we have a good relationship with the sector, meant that we were able to give them a bit longer. One of the other challenges for a lot of organisations was getting staff who were furloughed to come back and make applications. We are very mindful of that. From our point of view, the timeframe was proportionate. Again, as far as we know, for all the eligible applicants that were successful, none has been detrimentally or adversely affected because of the timeframe, so they are still trading now.

**Q77 Chair:** Thank you. I think Ms Healey wanted to come in on that point.

**Sarah Healey:** I did. All I wanted to say was that there is helpfully a note in the NAO Report on some of the lessons that we learned between CRF 1 and CRF 2, reflecting how challenging the timelines were for all parties—us and those applying for grants—and how we actually had an even shorter



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timetable from CRF 2 because of the need to make allocations. We increased the amount of resource on project planning and delivery in order to try to meet those timescales between the first round and the second round. It was something that we kept a very close eye on.

One of the things that we have not talked about very much in this hearing is the number of different sectors that were being covered by this. Ms Squire just mentioned the heritage sector and the capital grants, but there is also, for instance, independent cinema, where the BFI was in the lead. There was a very broad range of different sectors, which took a slightly different approach and had slightly different timescales in some instances. One of the jobs the board did is ensure that there was some consistency in the way that different organisations were dealt with in that diverse sector within the broad arts and cultural world.

**Q78 Chair:** It is interesting, on the deadlines. When we were talking to you about broadband, there has been a lot of discussion about over-optimistic planning. Do you think your Department has learned lessons from this process about having realistic deadlines? I have noticed simple things, like in paragraph 4.10 on page 29, which says “communications deadlines should not drive decision-making”. That seems quite obvious, but we are all aware that the Government sometimes runs on a communications timeline. Is that being spelled out so directly by the NAO the sort of thing that feeds into your Department’s thinking? Under your stewardship, will the Department perhaps be less over-optimistic or more realistic on deadlines—is that your aim? There is me throwing you a soft ball, Ms Healey.

**Sarah Healey:** We always are balancing, in these instances, everyone’s anxiety to make things happen and to make things change. We heard earlier Sir Geoffrey’s keenness for us to commit to moving faster on the 85% on gigabit, and we are obviously keen to do that, but we do not want to over-promise unnecessarily, because I do not think it particularly helps anybody when we do that. We have learned a gigantic amount over the course of the last year in some really challenging circumstances with some very hard work by all.

It is worth saying that we really learned that one of the issues on communications deadlines was not to inform institutions about when their allocations would be announced before we were absolutely certain of what we would be able to do. That was the main issue there: we had given advanced notice that allocations were going to be announced, and then, for various reasons, were not able to meet that. That is really unhelpful for organisations that are waiting for funding decisions.

There was some noise around the amount of money that we had actually managed to distribute by the time of the NAO Report. In the end, what matters more to organisations is knowing that they are going to get funding, and to have those allocations. Suddenly having the deadline on that moved, when you have made it clear in advance, means that you definitely learn it is better to say when you are absolutely certain that you

are going to be able to make those announcements and have finished all of the due diligence you need to do.

**Q79 Sir Geoffrey Clifton-Brown:** Ms Healey, I have one last question for you, building on what has obviously been a really good success for the Culture Recovery Fund, and this constructive hearing. I am sure you will be aware that before the pandemic, the creative industries were exporting more than the whole of the insurance industry put together. May I ask you and your Department to use the success you have had with the Culture Recovery Fund to build that sector and see how much more we can export from it?

**Sarah Healey:** DCMS and our Ministers are the biggest cheerleaders for the creative industries across Government, and miss absolutely no opportunity to remind all colleagues of their significance as an export industry, and indeed of how important they are in regional economic growth as well. I can absolutely make that commitment to you, because that is something that we already do as a cheerleader for that sector. We are very proud of the sector's successes.

**Sir Geoffrey Clifton-Brown:** Thank you.

**Chair:** I thank our witnesses very much indeed for your candid evidence. It is clearly going to be a very big struggle for the sector. As we have highlighted and discussed, bits of the sector, such as the supply chain—we call it the supply chain in summary, but they are a lot of cultural institutions in their own right—have been really struggling, as organisations that have fallen outside of some of the available support. We are heartened that you are at least aware of that issue and hope to look at it in future. I am sure that we will come back to this subject.

The transcript of this session will be up on our website, uncorrected, in the next couple of days, and our report will come at some point after Prorogation, but I cannot predict exactly when. Thank you, and please pass on our thanks to your teams at the Department and at Arts Council England, for what must have been hard work at the time to get this out. We will keep holding your feet to the fire on how well it is working. We are a critical friend, but we appreciate that civil servants put in a lot of hours to get this money out to the sector, which, at the beginning, felt quite forgotten, so please pass on our thanks for that.