Department for Culture, Media & Sport

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Dame Caroline Dinenage MP
Chair, Culture, Media and Sport Committee
House of Commons
London
SW1A 0AA

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Dear Dame Caroline,

Thank you for your letter of 19 May 2026, setting out the observations of the Culture, Media and Sport (CMS) Select Committee on Arts Council England's (ACE) funding, following the oral evidence sessions with Baroness Hodge, Darren Henley and Sir Nicholas Serota.

The government accepts Baroness Hodge's recommendations and agrees with her vision for an Arts Council better able to serve England's citizens through closer engagement with communities, particularly in places where people have been less able to access or participate in arts and culture. We support a vision where funding is more equitably distributed, ensuring that extraordinary individual talent is developed everywhere opportunity has been lacking.

The government welcomes the Committee's scrutiny and is committed to continued engagement on these important issues. The Secretary of State's vision for Arts Everywhere is clear: everyone should have the opportunity to engage with excellent arts and culture and, as part of this vision, communities should be empowered to foster the arts and culture they want - including seeing their own experiences reflected back to them.

As you know, the government is backing this vision by investing £1.5 billion to protect cultural infrastructure in communities across England, ensuring that every citizen can enjoy a cultural offer that is bold, representative, and rooted in every part of the country. The recommendations from Baroness Hodge's Independent Review of ACE are instrumental to achieving the Arts Everywhere vision.

The government's response to the ACE Review focuses on implementing key reforms across four main areas. Firstly, we are reforming the National Portfolio Investment Programme (NPIP) and regional decision-making structures to ensure decisions are led by citizens and communities. Secondly, we are working to cultivate talent everywhere by designing a new service for individuals, with a new national funding programme at its heart, to ensure more equitable funding distribution. Thirdly, we are prioritising access in underserved areas by reforming place-based interventions and developing an enhanced list of 81 Culture Priority Places. Finally, we are working to make the sector fit for the future by simplifying ACE's processes and streamlining requirements to reduce bureaucracy.

To answer the Committee's specific questions:

**1. How does the government understand and respond to the concerns raised in evidence about the financial resilience of the sector?**

I recognise the concerns of arts organisations and remain dedicated to supporting the cultural sector's financial resilience. We have already made substantial inroads. The government's £1.5 billion Arts Everywhere investment demonstrates this commitment, providing substantial new funding for arts and culture. This is the largest investment of its kind for a generation and will support more than 1,000 projects to restore and renew cultural buildings, protect local museums, upgrade libraries, and strengthen the cultural infrastructure that anchors communities across England.

This initiative includes a stable revenue budget for ACE and targeted support for capital projects via the Creative Foundations Fund (CFF). Specifically, £425 million has been allocated to the CFF to assist organisations, such as theatres, in completing essential capital works. With these interventions, we are fixing the foundations of our country's cultural sector, supporting the economic viability of the sector so that it thrives, and assisting organisations in caring for the cultural assets of our communities.

The government also enabled a 5% uplift on current awards for existing National Portfolio Organisations (NPOs) and other multi-year funded organisations, including Creative People and Places, Museum Development providers, and cultural education providers, commencing April 2026.

The creative sector will also benefit from cross-cutting investment-readiness initiatives. The Creative Industries Sector Plan commits the British Business Bank to work with the sector and investors on customised market approaches to, among other interventions, support the cultural sector in diversifying its income streams.

As committed to in our response to the review, DCMS is always looking to go further and is also exploring what other options there are for new modes of investment through the Arts Council itself. I continue to back more investment in our creative and cultural sector and want to make sure that creative and cultural organisations of all sizes and kinds are thriving in every corner of the country.

**2. What is the government's view on proposals for recycling a proportion of commercial success arising from publicly funded work back into the cultural sector?**

We accepted all of Baroness Hodge's recommendations, and said that the government would consider options to enable the Arts Council to invest in new ways, such as through a trading arm. I am mindful of ensuring any options would enhance the long term sustainability of the sector and would not detract from its creative or commercial potential. DCMS is working to investigate appropriate mechanisms and will ensure the Committee is kept abreast of developments.

**3. What assessment has been made by the Department of the sector-wide and regional impacts of decisions arising from recent Arts Council funding rounds?**

I agree with Baroness Hodge's assessment that decisions made at local level and informed by local voices are important. The government is committed to supporting culture at a local level through a number of interventions. DCMS is working with the Arts Council as a priority, to determine the best approach for greater regional decision-making that matches our Arts

Everywhere ambitions. We are committed to enabling excellent arts for everyone everywhere, ensuring that the benefits of funding are felt in towns and villages as well as major cities - especially for children and young people - and ensuring that the Arts Council takes full account of local voices and needs in its decision-making.

We want reforms to the National Portfolio Investment Programme (NPIP) to empower local people to have a greater say in what arts organisations deliver, making funded cultural activity reflective of the priorities and stories of every corner of England. This is being supported by the commitment to invest in hyper-local engagement through the "Citizens' Voices for Culture" project. Meanwhile, I am alive to the importance of these decisions for the whole national ecosystem both within and across artistic disciplines, and it is important that this perspective is not lost.

In a world of limited resources, where our investment needs to be targeted to be most effective, we have worked with the Arts Council to refresh their approach to place prioritisation. On 22 May, DCMS published details of our approach to place-based targeting which will focus investment and engagement in areas where need is greatest. In adopting this methodology for arts and culture, we worked with Arts Council England to agree a joint approach and enhanced list of Culture Priority Places, building upon their existing programme of Priority Places. This list of 81 Culture Priority Places will help to realise the government's vision for Arts Everywhere, ensuring the benefits of arts and culture can be felt in all parts of the country and strengthening cultural activity in underserved areas. The first two funds using Culture Priority Places are the Museum Estate and Development Fund (MEND) and the Libraries Improvement Fund (LIF), with details of further funds to be announced in due course.

Strategic Authorities have an important role in supporting a high quality cultural offer that works for the people, creatives and businesses in their region and reflects the variety of cultural activity taking place. In April, the government made culture an 'area of competence' for MSAs via the English Devolution and Community Empowerment Act 2026.

The convening powers associated with the Area of Competence will empower Strategic Authorities to bring together local cultural partners, - such as local authorities, DCMS Arm's Length Bodies, music education providers, local creators and artists and those working day-to-day in venues, studios and nightclubs - together with members of the community to build a shared strategic vision for the region. This convening role will help bring local partners to a shared understanding of the needs, opportunities and objectives for the region. The area of competence should complement the significant role that local authorities and national Arm's Length Bodies play within a local cultural ecosystem.

**4. What plans does the government have to provide or explore additional mechanisms (such as transitional funding) to mitigate the adverse effects of funding withdrawal on organisations?**

Among Baroness Hodge's recommendations, we are prioritising the reform of the National Portfolio Investment Programme (NPIP), so that the application process for the 2028 Portfolio can begin later this year - to allow for any organisations leaving the Portfolio to have as much transition time as possible. Key elements of reform will include examining the potential effects of lengthened funding rounds and adapted monitoring requirements on applicant organisations, to maximise the benefits to organisations of being in the Portfolio.

At the same time, ACE is designing a new service for individuals, with a new national funding programme at its core. We are also considering the potential for inter-organisation peer learning, not least in the areas mentioned above regarding accessing alternative funds and securing long-term financial stability and resilience.

Yours sincerely,

The Rt Hon Ian Murray MP
**Minister for Creative Industries, Media and Arts**