House of Commons

Committee of Public Accounts

COVID 19: Culture Recovery Fund

Eighth Report of Session 2021–22

Report, together with formal minutes relating to the report

Ordered by the House of Commons to be printed 14 June 2021

HC 340
Published on 23 June 2021
by authority of the House of Commons

The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine "the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit" (Standing Order No. 148).

Current membership

Meg Hillier MP (*Labour (Co-op), Hackney South and Shoreditch*) (Chair)

Mr Gareth Bacon MP *(Conservative, Orpington)*

Kemi Badenoch MP *(Conservative, Saffron Walden)*

Shaun Bailey MP (*Conservative, West Bromwich West*)

Olivia Blake MP *(Labour, Sheffield, Hallam)*

Dan Carden MP (*Labour, Liverpool, Walton*)

Sir Geoffrey Clifton-Brown MP (*Conservative, The Cotswolds*)

Mr Mark Francois MP (*Conservative, Rayleigh and Wickford*)

Barry Gardiner MP (*Labour, Brent North*)

Peter Grant MP *(Scottish National Party, Glenrothes)*

Antony Higginbotham MP (*Conservative, Burnley*)

Mr Richard Holden MP *(Conservative, North West Durham)*

Craig Mackinlay MP *(Conservative, Thanet)*

Sarah Olney MP *(Liberal Democrat, Richmond Park)*

Nick Smith MP *(Labour, Blaenau Gwent)*

James Wild MP *(Conservative, North West Norfolk)*

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via www.parliament.uk.

Publication

© Parliamentary Copyright House of Commons 2021. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at https://www.parliament.uk/site-information/copyright-parliament/.

Committee reports are published on the Committee's website and in print by Order of the House.

Committee staff

The current staff of the Committee are Jessica Bridges-Palmer (Media Officer), Ameet Chudasama (Committee Operations Manager), Richard Cooke (Clerk), Rose Leach (Committee Operations Officer), Ben Rayner (Second Clerk), Ben Shave (Chair Liaison).

Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5776; the Committee's email address is pubaccom@parliament.uk.

You can follow the Committee on Twitter using @CommonsPAC.

Contents

Summary

The £1.57 billion Culture Recovery Fund is the largest single award of funding to the arts and culture sector during 2020–21. Administered by the Department for Digital, Culture, Media and Sport, its purpose is to save up to 75% of organisations in the arts, culture and heritage sectors at risk of financial ruin following the national lockdown. While we acknowledge the Department's efforts to aid the sector's survival through COVID-19 and get funds to over 5,000 organisations, it has not been all smooth sailing. Our scrutiny has uncovered issues regarding the experience of applicants, with some reporting difficulties in accessing funds and others receiving no feedback whatsoever following unsuccessful applications, placing some organisations in perilous financial situations.

The Department recognises the ongoing difficulties faced by organisations in the sector, even when they have received funding but its knowledge about the impact of the funding on parts of the sector appears incomplete. For example, some subsectors, such as supply chain businesses that, for instance, provide lighting for events, may have missed out on funding. This year there is also a survival threat to festivals without a government-backed insurance indemnity package against the risk of cancellation. Although the Department expresses confidence that the Culture Recovery Fund provides value for money, it is vague about how it knows this to be the case. Its evaluation of the programme during 2021 gives it an opportunity to learn and apply the lessons to its future oversight of the sector, including a fresh look at the challenges the sector faces and how best the Department can support the sector's creative and economic potential in the future.

Introduction

The COVID-19 pandemic hit the arts, culture and heritage sectors hard. Museums, galleries, cinemas, music venues, nightclubs, theatres, arts centres and heritage sites closed their doors to visitors on 23 March 2020 when the UK entered the first national lockdown. Many organisations in the sector remained entirely or mostly closed for a year. Without targeted support, the Department for Digital, Culture, Media and Sport (the Department) expected large-scale financial failures arising from the pandemic during 2020–21, with many organisations likely to close permanently if support was not available by September 2020. In July 2020 the Culture Secretary announced a £1.57 billion package, the Culture Recovery Fund, to help the UK's cultural, arts and heritage institutions survive the pandemic, supporting their long-term sustainability. The fund's primary objective is to rescue cultural and heritage organisations at risk of financial failure in the financial year 2020–21 due to COVID-19. The Department is accountable for this fund.

Conclusions and recommendations

1. **The Department's biggest ever single investment in the arts and culture sector will require skilled oversight and management for years to come.** The Department set up a Culture Recovery Board to strike the balance between speed, proper execution and robust assessment of applications against the criteria of cultural significance and financial viability. We recognise its achievement, while also noting the scale of ongoing monitoring that will be required to oversee the use of taxpayers' money. We are concerned as to whether the Board's expertise and the arm's-length bodies' capability in assurance and investment is enough to track and oversee the recipient bodies in the long-term.

   Recommendation: ***The Department should write to us within three months setting out is plans for overseeing the capability and skills in its arm's-length bodies given their ongoing role in monitoring the Culture Recovery Fund.***

2. **We are concerned about the Department's and Arts Council England's ability to manage the significant and ongoing loan book commitments created by the Culture Recovery Fund.** As a result of repayable finance awarded under the Culture Recovery Fund, Arts Council England is now responsible for managing £252 million in loans over the next two decades. Loan recipients will not be required to pay back money for the first four years of the typical 20-year loan term. Arts Council England has no previous experience of managing a loan book and says that the extra financial skills it needs to manage the loans are now largely in place. While the Department believes it can manage the risk of default, and Arts Council England is confident of its mechanisms to alert it to risks of non-payment, neither have sought to utilise the considerable loan management expertise that already exists elsewhere in government.

   Recommendation: ***In its Treasury Minute response, the Department should set out how it will make sure it has the resources in place to take on the new responsibilities for managing loans, and how it has drawn on learning from across government about managing the operation and future risks of its loan book commitments, including risks of organisations defaulting.***

3. **In implementing the fund during the pandemic, the Department's need to act quickly to provide funding to applicants while also protecting taxpayers' money meant some applicants' experiences could have been better.** The Department announced the fund in July 2020, with the intention to pay successful applicants by the end of September 2020. While officials should be credited for working at speed and delivering a programme with low fraud levels, mistakes were made, particularly in relation to the fund's accessibility. For example, the language used on the grant forms were not well geared to commercial organisations; the Department had intended that the money would be distributed more quickly, unsuccessful applicants did not receive clear feedback to understand why their bids were rejected, and recipients faced continuing requests for information such as proof of bank details for each instalment of a grant, resulting in unnecessary duplication of documents.

   Recommendation: ***In its Treasury Minute response, the Department should set out what more it is doing to communicate with those who were unsuccessful in***

securing funding and streamline its funding processes to cut out any unnecessary demands on recipients that slow down funding, consistent with protecting taxpayers' money from fraud.

4. **The Department lacks a comprehensive understanding of the coverage and impact of its funding on parts of the sector which found themselves without funds.** The Department and its arm's-length bodies have distributed around £1.2 billion to 5,000 organisations and the Department is confident that all applicants that met criteria for cultural significance and sound finances received funding. But the Department's analysis of how the funding has been distributed is incomplete. For example, the Department has only partial knowledge about the fund's impact on freelancers, commercial organisations, supply-chain businesses and festivals. Festivals are making difficult decisions about whether to risk their survival by going ahead this summer, but the Department has not modelled the cost of underwriting festival indemnity insurance.

   Recommendation: ***The Department should write to us within three months setting out what it intends to do to support those that were under-represented in terms of the funding they received from the Culture Recovery Fund such as freelancers and festivals.***

5. **It remains to be seen whether the Department has achieved its objectives for the Culture Recovery Fund and secured longer-term value for money.** The Department and its arm's-length bodies are looking to build on the new relationships they have made with stakeholders, including many organisations they have not previously worked with or funded. The Department claims that the fund has definitely been value for money already on the basis that it is supporting the survival of organisations and that no organisations that received funding and are "culturally significant" have failed. Yet it could not tell us how it would be measuring the value for money achieved by the fund. The Department's evaluation of the fund is due to report after the first two rounds have been distributed and round three has been awarded. Capturing what the Department has achieved through the fund and learned about the culture sector will depend on research that has clear value for money criteria, including measures for the impact on jobs and freelancers.

   Recommendation: ***The Department should set out:***

   - ***in its Treasury Minute response, the metrics it is using to evaluate the performance of the Culture Recovery Fund against its initial objectives; and***
   - ***once its evaluation is complete, what it will do to apply lessons to achieve value for money from its Culture Recovery Fund spending for the whole sector including subsectors that may have been missed.***

6. **The taxpayer's investment in the sector, and the Department's future role in overseeing it, present a huge opportunity for the Department to step up its support and advocacy for the sector.** The Department has gained a lot of new information and understanding about the sector, which it could put to good use. We want to see the Department apply what it has learned from the Culture Recovery Fund to build the economic potential of the sector. In addition to the sector's importance to the

domestic economy, we are particularly thinking about the sector's export potential and the varying levels of cultural and heritage resources across the country. To make the most of this opportunity requires effective action, oversight and advocacy by the Department.

Recommendation: ***The Permanent Secretary should write to us by the end of 2021 setting out:***

- ***what she sees as the key challenges facing the sector following the Department's Culture Recovery Fund investment;***
- ***what opportunities the fund has offered for the Department to be a better advocate for the vibrancy of the creative arts and culture sector in all parts of the country; and***
- ***how the Department will realise future cultural and economic impacts, including for export, from its investment.***

1 Oversight and management of the Culture Recovery Fund

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Digital, Culture, Media and Sport (the Department), Arts Council England (ACE) and Sir Damon Buffini, chair of the Culture Recovery Board, about the Culture Recovery Fund (the fund).[1]

2. The arts, culture and heritage sectors were hit hard by the COVID-19 pandemic. Museums, galleries, cinemas, music venues, nightclubs, theatres, arts centres and heritage sites closed their doors to visitors on 23 March 2020 when the UK entered the first national lockdown. Many organisations in the sector have been entirely or mostly closed for over a year. Without targeted support, the Department expected large-scale financial failures arising from the pandemic during 2020–21, with many organisations likely to close permanently if support was not available by September 2020.[2]

3. In July 2020 the Culture Secretary announced a £1.57 billion package, the Culture Recovery Fund, to help the UK's cultural, arts and heritage institutions survive the pandemic, supporting their long-term sustainability. The fund's primary objective is to rescue cultural and heritage organisations at risk of financial failure in the financial year 2020–21 due to COVID-19. To determine the overall package the Department considered various scenarios about activity in the sector and the pandemic's impact. Its worst-case scenario assumed that social distancing measures would remain until the end of March 2021 and that demand would remain at 40% of pre-COVID-19 levels. As it turned out, this worst-case scenario was exceeded, with social distancing extended and venues unable to open beyond that date.[3]

4. The Department chose to make funds available in the form of revenue grants, capital grants and loans. The main criteria for receiving funding were that organisations were financially viable before COVID-19, had a clear plan for future viability, and had exhausted all other funding options. They also had to demonstrate that they were either "culturally significant" (recognised as internationally or nationally excellent) or essential to the cultural fabric of a place. The Department delegated decision-making about individual awards to four arm's-length bodies, with sector-specific expertise and grant-giving experience: ACE; Historic England; the National Lottery Heritage Fund; and the British Film Institute. The Department is accountable for this fund.[4]

Oversight and management

5. The Department and ACE told us that the fund represented an unprecedented level of investment into the arts and culture sector in one go.[5] We therefore asked how it had used the experience of the Culture Recovery Board to design the fund and whether the Board had the right expertise given members seemed primarily to be drawn from arts organisations. Sir Damon Buffini outlined how the Board's membership combined

1 C&AG's Report, *Investigation into the Culture Recovery Fund*, Session 2019–21, HC 1241, 12 March 2021
2 C&AG's Report, paras 1, 8
3 C&AG's Report, paras 1, 9, 12
4 Q 31, C&AG's Report, para 1.7–1.8, 2.2
5 Qq 60, 63

individuals with arts and finance experience, including the chairs of all four arm's length bodies. Some members had finance experience, including in the arts and culture community. He explained that the Board's role was to provide overall assurance that the scheme achieved the balance of timely intervention with rigorous due diligence and process. He considered that the Board had the expertise and balance that it needed to assess both the cultural significance and the financial viability of organisations.[6] ACE told us that it had assessed applications against the criteria of cultural significance, financial need and financial viability and Sir Damon was confident that proper due diligence and rigour had been applied to the application process.[7]

6. We recognised that the Department's actions would have long-term impacts on many different organisations and we questioned it about how it had updated its plans given that its worst-case scenario for the sector had been exceeded.[8] The Accounting Officer told us that she remained the principal accounting officer for all the funds being distributed through the Culture Recovery Fund.[9] She said that any long-term decision about any organisation that ended up in difficulty would come to her to assess in the normal way. She considered that the Department had done the best job it could, with the information available, to mitigate all the potential risks.[10] The Department told us that it had made adjustments where it made sense to do so to support organisations, which then had to resubmit updated plans on their eligible costs to the Department.[11]

7. The Department acknowledged that the changing pandemic scenarios around issues such as the return of international visitors, reopening and social distancing had changed the economics for organisations in receipt of grants or repayable finance.[12] It told us that the fund was stretched further than it had anticipated at the time it was agreed.[13] ACE told us that it was working with some organisations for the first time, and would continue to look very carefully at who they were and what they were doing.[14] ACE and Sir Damon told us they had put "extensive processes" in place for monitoring, with data resulting communicated back to the Department.[15]

Managing the loan-book

8. The Department wrote to us to explain that ACE was now responsible for managing £252 million in loans.[16] Although the take-up of loan funding was lower than the Department originally predicted, it forms part of the £92 billion total of COVID-19 loans across all of Government.[17] Sir Damon Buffini explained that the loans had a 20 year term, with a low interest rate and no repayments for two to four years.[18] We asked ACE about its responsibility for managing a loan book of this size and potential complexity, given it had

6 Q 27, 28, 39
7 Qq 22, 39
8 Qq 25, 41
9 Q 31
10 Q 39
11 Q 25
12 Q 47
13 Q 68
14 Qq 50, 51
15 Q 39
16 Department for Digital, Culture, Media and Sport submission page 1, para 3
17 Qq 33, 72; C&AG's Report, COVID-19 cost tracker (as updated 17 May 2021, available at www.nao.org.uk/covid-19/cost-tracker)
18 Q 38

not previously had to manage a loan book on this scale. ACE told us it was working closely with the Department and HM Treasury to ensure it met the Government's standards. It acknowledged it needed extra skills and said it was recruiting specialists who would be permanent appointments.[19]

9. We questioned the Department about its assessment of the profile for default on loans and what plan it and ACE had to tackle organisations defaulting on their loans. The Department told us that it had developed a profile of default. It said it would take a prudent approach to valuation of the loan book over time and would be including loans in the Department's accounts as part of its 2020–21 spending.[20] We heard good explanations from ACE and Sir Damon of what they considered were the safeguards against the risk of organisations defaulting on their loans, for example extensive due diligence on the financial projections of each organisation and ongoing monitoring of their financial situation.[21] Sir Damon was confident that successful applicants for loans had enough flexibility in their financial forecasts to repay the financing.[22] ACE also believed it had mechanisms to alert it to risks materialising. ACE insisted that it expected organisations to pay back loans over the period of the funding agreement and that the loans would not be translated into grants.[23]

10. We asked the Department about its long-term plans for the loan book, as our experience has been that Government has generally had issues at times managing loan books.[24] The Accounting Officer confirmed her accountability for the fund's loans but said it was too early to say what the plans were for long-term management and could not give any commitments about whether or not the Government would sell on the loan book.[25] We asked the Department whether, given the scale of COVID-19 loans across Government, it had learned lessons from other Departments about managing its loan book. It told us it regarded the scale of COVID loans in the fund as "a mere minnow" but acknowledged it was a lot of money for the sector, and said that as ACE had close and long-term relationships with many of the organisations that had received loans it considered this was unusual compared to other loan schemes rolled out across Government. Nonetheless it said it wanted to follow excellent practice and was very keen to learn from good practice in other Departments about how they were handling loans.[26]

Acting quickly to provide funding and applicants' experiences

11. The Department had considered that the end of September 2020 represented a cliff-edge for the sector, with many organisations in the sector likely to run out of money and close permanently if support was not available by then.[27] We therefore questioned the Department about its timetable and whether it had been over-optimistic in trying to distribute funding by September. The Department accepted that it had made changes to its plans "mid-flight", and acknowledged that it had revised its target for making decisions

19 Q 37; C&AG's Report, para 2.16
20 Qq 43, 44
21 Qq 38, 39
22 Q 45
23 Q 38
24 Qq 36, 39
25 Qq 31, 36, 72
26 Q 72
27 Q 24, C&AG's Report, para 8

and awards to October.[28] It said it had been concerned about some sectors that needed funding much more quickly, and pointed to its scheme supporting 136 grassroots music venues which opened, closed and paid out funding in August 2020. It told us that its arm's-length bodies had also offered emergency support for organisations that could not wait. It said the main reason not all of the funding for round one had gone out was that payments were made in instalments.[29]

12. We asked the Department what it had learned about setting and communicating realistic deadlines. It considered that what mattered to organisations was knowing that they were going to get funding. It acknowledged that it had given advance notice about when allocations would be announced and then had not been able to meet that date. It said it had learned it was better not to inform organisations about when allocations were announced before it was certain what it would be able to do, which required it to have completed all due diligence.[30] However, we have received evidence of organisations receiving funding almost 12 months after they had closed.[31]

13. We asked the Department whether in retrospect it had struck the right balance between applying due diligence and how quickly funding reached organisations. The Department and ACE assured us that they were not aware of any organisation that had fallen into difficulty because of the timing of the receipt of an award.[32] ACE told us that at the start of the pandemic it had made an emergency response fund of up to £160 million available to organisations from April onwards as a stopgap to manage, for example, cashflow challenges. It believed this funding gave the sector some time before the Culture Recovery Fund came along.[33]

14. We asked about the low level of fraud in the fund and whether the Department's focus on due diligence had led to this low level. ACE explained it had a dedicated counter-fraud resource and had so far identified no fraudulent payments at all. It said it had received and investigated 46 allegations of fraud; it temporarily withheld three grants of which one case was referred to the police.[34] ACE emphasised the importance of due diligence and said it did everything it could to meet the strictest criteria on counter-fraud and made no apology for having stringent counter-fraud measures right through the process.[35]

15. We received good evidence from a number of bodies about their experience of the fund and the challenges they had faced. For example some had struggled with the language of the grant form, which seemed to be geared to the not-for-profit sector or larger organisations;[36] and some unsuccessful applicants were disappointed with the feedback about why their applications were refused and the lack of an appeals process;[37] Other successful applicants, were asked to prove their bank details on each payment instalment or to provide milestones for a diversity plan before receiving the grant.[38] We asked the

28 Q 24, 25, 46
29 Qq 24, 46, 76
30 Q 78
31 Royal Albert Hall submission
32 Qq 46, 76
33 Qq 24, 76
34 Qq 75, 76
35 Qq 49, 76
36 Q 47; "#WeMakeEvents" submission, page 2; A V Matrix submission, pages 1–4; Written evidence submitted by Kirklees Council, page 1
37 Qq 20, 22; "#WeMakeEvents" submission, page 3; A V Matrix submission, pages 1–4
38 Q 49

Department and ACE about these issues.[39] The Department asserted that it had wanted to make the process of application as easy as possible and it had done what it could to make the guidance navigable. It told us arm's-length bodies had given organisations time to get to grips with guidance and ran workshops for applicants to attend.[40] ACE explained that it communicated with unsuccessful applicants about what they had failed on, but acknowledged its feedback had not been extensive, saying that it had to assess a large volume of applications in a very short time. ACE confirmed that it had no appeal process for its decisions about the fund.[41] It also acknowledged that its counter-fraud measures meant recipients had to provide bank details for each instalment of their grant.[42]

The coverage and impact of the fund

16. We asked the Department whether some organisations had been excluded from the support offered by the fund and whether certain regions or sectors had been under-represented in the applications.[43] We also asked whether it should have a relationship manager function for parts of the sector which it knew less about, such as more commercial organisations.[44] The Department reported to us that its arm's-length bodies had distributed £1.2 billion to 5,000 organisations.[45] It told us that success rates for applications were higher outside London and the south-east. ACE pointed out that 70% of successful applications were from outside London and considered that it had made significant investment across the country. The Department was not aware of whether organisations from particular areas did not apply but might have, adding that local cultural significance was an important criterion in assessing bids.[46] It said that all applicants that met its financial criteria and cultural significance criteria had received funding.[47]

17. The Department considered that the regional breakdown of all the success rates in awards for the applications it had received suggested that there were parts of the country that had less 'cultural and heritage fabric' than others. It asserted that the fund aimed to support existing organisations at risk of failure, rather than to create new cultural infrastructure where it did not currently exist, but described this as providing "interesting food for thought for future Government policy".[48]

18. We challenged the Department and ACE on what they had done to support parts of the sector including freelancers, commercial organisations, supply chain businesses delivering the technical aspects of the sector's activity (for example, sound and lighting for events) and festivals.[49] The Department described how ministers decided that the fund should focus specifically on institutions to preserve the long-term security of organisations that would provide employment in the future for freelancers within the cultural sector. ACE told us that over the last year, separate from the Culture Recovery Fund, it had invested £51.7 million in 13,464 individuals and freelancers. The Department claimed

39 Qq 20–22, 47, 49
40 Q 47
41 Qq 20, 21
42 Q 49
43 Qq 19, 56, 79
44 Qq 17, 47, UK Theatre and Society of London Theatre submission, page 2, para 4.1 to 4.4, UK Music submission pages 1–13
45 Q 61, Department for Digital, Culture, Media and Sport submission page 1, para 3
46 Qq 57, 58
47 Qq 16, 19
48 Q 56
49 Qq 1,4, 18, 65, 73; A V Matrix submission, pages 1–4; UK Music submission pages 1–13

that, for the second round of the fund, 100,000 freelancers would be supported until June 2021 through the awards organisations had been given, although it had not yet verified the estimate, provided by bidders.[50]

19. We questioned the Department about the assessments it had made of the long-term impact on supply chain organisations.[51] It told us that supply chain organisations had been eligible to apply for the fund where they were culturally significant, but we had seen evidence that applicants from such organisations, which often supported numerous freelancers, had felt their cultural significance had not been understood and they had been refused funding.[52] The Department told us that its arm's-length bodies had assessed whether the services applicants provided were predominantly for the heritage or culture sector, whether those services were scarce or particularly innovative and their relevance to the sector.[53] ACE explained that the "ecosystem" of the sector had large and small and differentiated sorts of organisations. It acknowledged that, over time, it needed to make sure that the supply chain was represented.[54]

20. We asked the Department what the obstacles were to setting up a Government-backed insurance scheme for live events, given that many festivals, in particular outdoor ones, were struggling because they were unable to get insurance this year and would have to make decisions about whether to go ahead.[55] The Department could not update us about any change in policy, but said it was conscious of the issues and had been listening to the sector on an ongoing basis and that it was for ministers in discussion with HM Treasury to decide how to prioritise public funding to support the sector. The Department told us it had not modelled the cost of underwriting of festival indemnity insurance.[56]

50 Q 1
51 Qq 9, 65
52 Qq 9, 18, 47; A V Matrix submission, pages 1–4;
53 Q 18
54 Q 73
55 Qq 3–5, 7–9
56 Q3–5

2 Proving value for money and maximising impact

Achieving objectives and securing value for money

21. We asked the Department to tell us how it would be evaluating the success of the fund and its value for money, for example measures of the impact on jobs, freelancers and supply-chain organisations. The Department told us that it had awarded a contract to Ipsos MORI, BOP Consulting and Ecorys for the evaluation, which would be completed this financial year. The evaluation would be both a value for money assessment and a process review, to learn lessons about the fund and what it had achieved.[57]

22. The Department said it wanted to satisfy itself that organisations in need were supported and that it achieved its objective of supporting a significant proportion of the cultural sector through a very difficult time. It also told us it wanted to test the fund's regional impact, how far the Department had reached organisations it did not normally have a relationship with, the long-term impact of the fund, and the impact of its support on what it described as "the wider ecosystem and cultural ecology".[58] It advised that it could not yet share with us the details of the questions that the evaluation would cover, but would write to us once they had been settled.[59]

23. We queried whether the Department ought to have set its value for money criteria for the evaluation earlier in the process. The Department told us that it had been assured of the value for money of its spending at all times, and never doubted that the funding had been value for money. Sir Damon considered the fund "has achieved its goal". The Department said its evaluation would assess the extent of value for money, rather than whether or not the fund was value for money.[60] Its firm contention was that the fund's fundamental impact was to offer at least some assistance to all the organisations that met its financial and cultural significance criteria and that it had been critical to the survival of "many thousands" of organisations. It believed that no organisation that was approved for funding had subsequently become insolvent.[61]

Support and advocacy for the sector

24. We asked ACE what it had learned about the sector. It told us that for round one of the fund, about 40% of those organisations it funded were new to it, and for round two of the fund, 23% were new to it.[62] The Department also told us that the fund had been able to support a broader, larger proportion of the sector than it had anticipated at the beginning.[63] In its view, one of the few silver linings of the pandemic had been the depth and breadth of the relationships that it and its arm's-length bodies had built with stakeholders in the sector, which it wanted to build on.[64]

57 Qq 9, 59, 60, 65
58 Qq 60, 65
59 Q 65
60 Qq 59, 64
61 Qq 15, 16, 62
62 Q 48
63 Q 68
64 Qq 48, 74

25. We questioned the Department about the future of the sector and what it saw as emerging risks, given the pandemic situation exceeded the worst-case assumptions when it set up the fund. The Department replied that it did not want to see its investment wasted, and it was now supporting organisations' reopening and restart costs. ACE told us it was seeking to understand how it could best channel its ongoing investments to make sure that arts organisations, museums and cultural organisations would thrive as they came out of the pandemic. It also said it was concerned about consumer behaviour, where it needed further work and data. It told us that cultural organisations had shown flexibility in their planning to engage with audiences in different ways over the last 14 months, and some organisations had looked at restructuring and worked towards more sustainable business models coming out of the crisis.[65]

26. We asked what plans ACE had for its funding in future years and how its future funding could build on innovation, given the effect of the pandemic on the sector. ACE told us that it was very interested in the shape of what it described as "the cultural ecosystem" of the sector across the whole of England, with large, small and different types of organisations, including supply chain organisations. It said it had a 10-year strategy which it would deliver between now and 2030. It explained that it was optimistic yet realistic given the challenges and wanted to take learning from the pandemic and organisational learning about new technology, live performance and digital performance.[66]

27. Nationally, the sector contributed £34.6 million to the UK economy in 2019.[67] We therefore challenged the Department about its role in overseeing the business aspects of the sector and what it was doing to build the sector including exploiting its export potential. The Department told us there was "food for thought" in how it built on some of the new links it had developed, including with the more commercial end of the arts sector. It considered that the Department and its Ministers were "the biggest cheerleaders for the creative industries across Government". It told us it was very proud of the sector's successes and was committed to promoting the significance of the creative industries as an export industry and for regional economic growth.[68]

65 Qq 67–69
66 Qq 69, 70, 73
67 C&AG's report, para 2
68 Qq 74, 79

Formal minutes

Monday 14 June 2021

Virtual meeting

Members present:

Meg Hillier, in the Chair

Dan Carden
Sir Geoffrey Clifton-Brown
Antony Higginbotham
Nick Smith
James Wild

Draft Report (*COVID 19: Culture Recovery Fund*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Eighth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 17 June at 9:15am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Monday 26 April 2021

Sarah Healey, Permanent Secretary, Department for Digital, Culture, Media and Sport; **Emma Squire**, Acting Director General, Department for Digital, Culture, Media and Sport; **Darren Henley**, Chief Executive, Arts Council England; **Sir Damon Buffini**, Chair, Culture Recovery Fund Q1–79

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

CRF numbers are generated by the evidence processing system and so may not be complete.

1 A V Matrix Ltd (CRF0001)

2 Art Fund (CRF0002)

3 COVID-19 Review Observatory, Birmingham Law School, University of Birmingham (CRF0007)

4 Incorporated Society of Musicians (CRF0009)

5 Kirklees Council (CRF0005)

6 Society of London Theatre (CRF0008)

7 The Royal Albert Hall (CRF0004)

8 UK Music (CRF0003)

9 #WeMakeEvents (CRF0006)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2021–22

Number	Title	Reference
1st	Low emission cars	HC 186
2nd	BBC strategic financial management	HC 187
3rd	COVID-19: Support for children's education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
7th	Adult Social Care Markets	HC 252
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

Session 2019–21

Number	Title	Reference
1st	Support for children with special educational needs and disabilities	HC 85
2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406

Number	Title	Reference
17th	Immigration enforcement	HC 407
18th	NHS nursing workforce	HC 408
19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693

Number	Title	Reference
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
55th	Environmental tax measures	HC 937
56th	Industrial Strategy Challenge Fund	HC 941