
Date

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Private investment in arts falls by 7%, as recession threatens to further damage UK cultural funding ecology

Contact

Jonathan Tuchner

Telephone

0207 940 6412

07970 224471

Email

Jonathan.tuchner@artsandbusiness.org.uk

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The total figure for private sector investment in culture for 2008/09 fell from its record high in 07/08 to £654.9 million in the UK decreasing by 7% (above inflation).

Investment from all three private sector sources declined from the previous year, according to analysis published today by Arts & Business.

Business investment fell by 6% (a smaller decrease than last year) and now stands at £157 million and accounts for 24% of the overall contribution from the private sector.

In 08/09, investment from individuals dropped to £363 million, an 7% decrease of £19 million, that ends the trend of fast-paced growth that began to accelerate in 05/06. Individual giving now accounts for 55% of the total private investment received in the sector.

The amount of support from Trusts & Foundations also fell from £141 million to £135 million, also experiencing a 7% decrease from last year and accounting for 21% of the total private investment in the cultural sector.

Date

13 January 2010

Colin Tweedy, Chief Executive of Arts & Business, said:

“As we anticipated, these latest figures show a reduction, though not a disastrous one. We would like to be optimistic, but predict the worst is yet to come, with 2010/11 being the low-point.

“We must remember that despite the economic difficulties, the UK’s arts fundraisers have still secured close to £655 million from the private sector – which is a remarkable achievement. We must now give them every opportunity to maximise their skills and ideas.

“In this fiscal climate there is still enormous pressure on the arts. With much focus on public expenditure budgets, many are looking to the private sector to contribute more – we believe it can. When business’ see that attendances are on average up by 12%; they will profit by targeting these markets and their future consumers.

Ben Bradshaw, The Secretary of State for Culture Media and Sport, commented: "Philanthropy has more than doubled in the last ten years, so, while this small decline due to the global recession is disappointing, I am confident it will be temporary. It emphasises the importance of Government support for culture and the arts and maintaining that support. Britain's culture and the arts have just had their most successful year ever, capping a remarkable decade. Our creative sector is now number one in the world in its importance to our prosperity, so it's vital we

Date

13 January 2010

continue to support it and thank those generous individuals and organisations who do so too.”

Ed Vaizey, Conservative Shadow Arts Minister, commented: “These figures are disappointing, and reflect the effects of the economic recession. This is a wake-up call that we need to get our economy back on track, in order to return to the levels of private giving we enjoyed in the 1990s and 2000s. Economic recovery is as crucial for the arts as it is for all parts of our economy”

Don Foster MP, Liberal Democrat Shadow Secretary of State for Culture, Media & Sport said: “With the nation’s arts budgets dwindling, these figures are a significant cause for concern.

“Philanthropists and private sector organisations are the unsung heroes of arts and culture. Their helping hand deserves greater recognition.

“The Prime Minister and his cabinet colleagues should publicly celebrate and thank them for their contributions.”

Colin Tweedy continued: “Arts & Business’ latest market trend report (Autumn 2009) indicated that confidence levels for private sector investment in the arts will begin to pick up by 2013.

“Even in these leaner times, public and private money continue to go absolutely hand in hand. Any potential cuts to the public purse will have a detrimental knock-on effect on private investment.”

Date

13 January 2010

“For arts and culture to continue to flourish Arts & Business is calling for three policy initiatives to stimulate private sector funds. Firstly new far-reaching incentive schemes to encourage businesses. Secondly, the training and knowledge to deepen a pro-enterprise and innovation culture throughout the arts. Thirdly, we propose new challenge funds to grow and inspire cultural philanthropy, which has huge potential for growth.”

“Be clear - there is no magic bullet for cultural philanthropy. We need challenge fund programmes to motivate individuals; yet wider recognition and celebration of philanthropists; better use of existing and potentially new tax incentives (the extent to which Higher Rate Tax Paying donors are claiming the tax breaks due to them); a stronger provision of legacies; enhanced donor care and the training of the real skills to make the case for culture to potential donors. These are all part of any future growth.”

According to the respondents of Arts & Business' Private Investment in Culture Survey, private investment in 08/09 accounted for an average of 15% of their organisation's total income. Public sector funding, including funding from the arts councils, the UK Ministries of Culture, other governmental departments, local authorities, other public subsidies and lottery funding, made up 53% of the total income of cultural organisations. The remaining 32% was raised through earned income, including ticket sales and trading.

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For media enquiries and images please contact:

Jonathan Tuchner Jonathan.Tuchner@ArtsandBusiness.org.uk
0207 940 6412 / 07970 224471

Penny Sychrava Penny.Sychrava@ArtsandBusiness.org.uk **0207 940 6410/07967 915339**

For further details, please visit, www.ArtsandBusiness.org.uk

Notes to editors:

- Colin Tweedy, Chief Executive of Arts & Business, is available for interview.
- With £449.6 million, London was again the largest recipient of private investment, accounting for 69% of the total amount of investment received by the cultural sector throughout the UK in 08/09. However, this is a drop of 8% from the previous year.
- The full report will be available at a day-long symposium on Friday 26th March at King's Place, London. It will include a detailed analysis of the figures by region and art form. It will also provide additional and contextual information about the present and future state of the arts and their relationship with the private sector.
- Arts & Business received 850 responses for 08/09 survey, of which around 26% were RFOs within England. However, the survey also includes museums and heritage organisations as well as organisations from Scotland, Wales and Northern Ireland, which have significantly different proportions of income sources. The proportional income breakdown we have provided is a representative sample of the overall UK cultural landscape.

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