

## Trends in funding announcements for culture, tourism and sport

### Purpose of Report

For direction.

**Is this report confidential? No**

### Summary

This paper summarises available information about planned council funding for culture, tourism and sport in 2024. Many councils are in the process of setting budgets for 2024/25 so this is a snapshot of information currently available.

**LGA Plan Theme:** A sustainable financial future

### Recommendation(s)

**That the Board:**

- **Contribute insight into local discussions about the future funding of culture, tourism and sport**
- **Consider key messages to be given to the LGA Executive and Government partners**

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## Trends in funding announcements for culture, tourism and sport

### Background

1. This paper summarises available information about planned council funding for culture, tourism and sport in 2024/25. Many councils are in the process of setting budgets for 2024/25 so this is a snapshot of some of the budget information currently available.
2. Councils face ongoing inflationary and pay pressures alongside spiking demand and market challenges in areas such as children's social care and temporary accommodation. This is happening at a time of low financial resilience across the sector following a 27.0 per cent real-terms reduction in core spending power from 2010/11 to 2023/24. Councils are currently facing funding gaps of £2.4 billion in 2023/24 and £1.6 billion in 2024/25. These gaps relate solely to the funding needed to maintain services at their current levels.
3. Given the financial pressures affecting local government, this report includes announcements by a number of councils who have received a s114 report or have publicly stated they expect to receive one, and who are undertaking public consultations on their proposed response. A [recent LGA survey](#) found that almost 1 in 5 council leaders and chief executives think it is very or fairly likely that their chief finance officer will need to issue a s114 report this year or next due to a lack of funding to keep key services running. However, it should be noted that councils will have been taking significant steps to balance budgets long before a s114 report is received. This provides some opportunity to extrapolate how local universal services might be affected if, as expected, more councils receive these notices.
4. The [Autumn Statement 2023 failed to provide funding needed to protect the services the people in our communities rely on every day](#), although changes to planning fees may have a small positive effect on councils' ability to resource expert planning advice on heritage and culture.
5. The subsequent [Provisional Local Government Finance Settlement](#) was announced on 18 December and [LGA analysis](#) shows that the settlement does not change the funding gap facing councils and does not provide enough funding to meet the severe cost and demand pressures which have left councils of all political colours and types warning of the serious challenges they face to set balanced budgets next year.
6. The pressure from increased demand for social care support has led several councils to highlight the way in which the proportion of budget available for other services - including culture, tourism and sport - have been affected. Although

variation exists between social care authorities, the proportion of council budget spent on social care obligations has shifted to an average (at the median) of 63.9 per cent of budgeted service spend (excluding education) in 2023/24 amongst councils with social care responsibilities, up from 56.5 per cent in 2016/17. This is squeezing councils' ability to spend on other services. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas.

7. For instance, [Bradford Council](#) - the next City of Culture - is predicting a £73 million overspend this year, which is set to rise to £103 million for the next financial year. Cllr Hinchcliffe, leader of the council, told the meeting 87 per cent of this year's total budget was spent on essential children's and adult services.
8. [Research published by the New Statesman](#) on 15 December 2023 revealed that since 2010, four in ten councillors (42 per cent) said their council had made cuts to libraries, while a quarter (26 per cent) cited cuts to leisure centres. More than a third (39 per cent) said parks and recreational facilities had been cut back, while nearly half (45 per cent) said culture, events and tourism had. This means that, on average, more than a third (38 per cent) of councillors mentioned cuts to recreational, leisure and cultural services.
9. This echoes findings from a [ukactive survey of public leisure providers](#) in November 2023 that found 38.5 per cent are considering reducing services or closing entirely by March 2024. Crucially, these findings come after the allocation of the revenue element of the Swimming Pool Support Fund. Only 9.6 per cent of public sector respondents that received support said the scheme had made a significant impact in improving the risk rating for their facility.
10. It also found that three quarters (75 per cent) of private facilities are extremely likely to have to increase their customer pricing in the next six months, with 87.5 per cent having already been forced to raise prices over the past year to cope with high operating costs.
11. Forthcoming research from Arts Council England into the levels of public investment into museums, conducted by DC Research and Wavehill, identified 413 'local authority reliant' museums. This accounts for 31 per cent of all accredited museums in England, with almost twice as many museums in the North reliant on local authorities than in the South. The report identifies a funding reduction that equates to a 17 per cent decrease in cash terms, and once inflation has been accounted for, this equates to a decrease in real terms of 37.4 per cent in the Net Current Expenditure on Museums and Galleries by local authorities between 2009-10 and 2022-23.
12. Equally significantly, it identifies the impact of funding reductions to services that do not lead to asset closure. It identifies that many services have less bandwidth to address the multiple challenges they face because of existing financial

pressures and often from legacy infrastructure and contractual decisions. Many services reported they lack a range of curatorial or commercial skills. Consequently, services indicated that this not only limited their ability to drive change in their operational model but also their ability to deliver learning, health and wellbeing outcomes for local communities. This in turn served to undermine the position of services in making a case for investment by demonstrating the positive contribution they provide to achieving local and national policy objectives. This report is due to be published shortly and Arts Council England would be happy to attend a future Board to present on it.

## Public announcements

13. This section gathers public announcements already made by councils about their spending decisions for culture, tourism and sport. It draws heavily on information from councils whose Chief Finance Officer has issued a s114 report, which remain a small part of the sector, and is therefore not fully reflective of the overall health culture, tourism and sport services.
14. Many of the announcements considered, both in areas that have received a s114 notice and those that haven't, are also currently in the proposal stage and are subject to revision following analysis of consultation responses. For instance, decisions in both Woking and Kirklees to retain key facilities following consultation have illustrated that councils will adapt proposals to reflect local feedback.
15. It should also be recognised that these proposals form part of broader proposals to find savings across all councils services. However, these consultations can be taken to illustrate the extent to which culture, tourism and sport services feature in plans to reduce spending, in these councils, as demand for other services grows.
16. Nottingham City Council received a s114 report in November 2023. [It has agreed a public consultation](#) on reducing grants made to external cultural organisations in the city, saving £198,000. However, it will retain ownership of the Theatre Royal and Concert Hall. £9,000 will be saved from the Museum budget and the service itself will explore alternative delivery models. The library service will also be reviewed.
17. Woking Borough Council received a s114 report in June 2023. Their consultation outlined closures to the Lightbox gallery, the pool in the park, removal of funding for sports pavilions, an end to events and dance activities, and further investigation of savings in leisure services.
18. [Analysis of feedback](#) to the Woking public consultation revealed that the top three most highly-valued services across all demographics were access to parks, play areas and green spaces, closely followed by keeping the borough a safe place

for everyone and keeping streets clean. Access to swimming pools and access to leisure facilities at came fourth and fifth. However, when asked which services the council should consider closing, arts and theatre services was the most frequently select answer (27 per cent), as opposed to leisure (5 per cent) and community centres (5 per cent). Following this feedback, the council has decided to retain access to the pool in the park.

19. [Bristol City Council](#) has not received a s114 report but is facing a £20 million funding gap. Over the past 5 years, it has reduced its funding to external organisations by 40 per cent, most recently culminating in [some venues losing all of their council funding from April 2024](#). The council will continue to invest £1.4 million in cultural grants.
20. [Kirklees Council](#) has not received a s114 report but has identified the need to find £47 million in savings ahead of the next financial year. It proposed closing three leisure centres, as well as the sale of a heritage library building. Following public consultation, the council has announced that two leisure centres will remain open under a new operating model.
21. [Suffolk County Council](#) has not received a s114 report but has identified £74 million needed to protect the most vulnerable over the next two years, and the need to make £64.7 million savings over two years. Proposals published include £0.5 million of savings by stopping core funding to Art and Museum sector organisations (100% reduction). To assist with the transition, £528,000 of COVID recovery money will be made available to arts and museum sector organisations for 2024/25 which will fully cover the funding reduction for one year. The council will also achieve £140,000 of savings by centralising Suffolk Archives to 'The Hold' and closing the branches in West and East Suffolk.
22. These examples are intended to be illustrative and are not a comprehensive report of closures or changes across these services.

## Investments

23. Despite the difficult financial climate, councils remain the biggest public funders of culture and sport, and councils are still making investments in these services. In particular, the Public Sector Decarbonisation Fund has provided a welcome capital investment in leisure facilities, while the Levelling Up Fund has earmarked £100 million for cultural investment across the country.
24. Significant investment is taking place across London, with Westminster, Greenwich, Southwark, Newham, Epping and Enfield all announcing new leisure centres.

25. Elsewhere, Melton Council has announced a [£1.7 million investment in their leisure facilities](#) to ensure they are fit for the next decade; while [Spelthorne Council](#) has announced a new leisure centre, which will include a 25m, eight lane swimming pool.
26. On the cultural side, [Harlow Council](#) has secured £20 million from the Levelling Up Fund to develop a new Arts and Culture Quarter, including a gallery and arts-led pavilion.
27. [Reading Council](#) has invested £13.7 million in upgrading the Hexagon Theatre, including £12 million from a successful Levelling Up Fund bid.
28. Councils are also able to take non-financial decisions to support their services. For instance, [Worcester Council](#) recently extended the lease of a historic museum in the city to 999 years to help secure its long-term future. This provides the museum with the ability to more effectively fundraise.

## Implications

29. Most announcements relating to funding pressures cite concerns about statutory services, particularly children's and adult social care services and housing and homelessness services. These funding pressures also impact on universal services and councils' ability to provide valuable services such as culture, leisure and sport. As demand for services is increasing, public expectations about how limited resources are allocated will need to be managed robustly.
30. The majority of the funding investments are asset acquisition or refurbishment, primarily secured through applications to central government capital grants. The majority of closure announcements refer to an inability to cover revenue costs. This points to a mismatch of the funding types available to secure a long-term future for any new build or refurbished facilities.
31. In order to secure revenue income, many services report an increased focus on charging, including price rises. This impacts on the social value generated by these services, which in many cases subsidise access to culture and sport for those who cannot afford private provision. These services provide well known mental and physical health benefits, so a reduction in the number of people accessing them is likely to reduce places' ability to mitigate health pressures, which could include worsening the productivity gap as individuals on low incomes are unable to self-manage their conditions.
32. There are also market constraints on how much can be charged for services, with early Sport England research suggesting some users are already being priced out of the market.

33. The LGA Commission on culture and local government found that council services were a critical element of the cultural ecosystem, while Sport and Recreation Alliance found that three quarters of grassroots sports clubs were reliant on public facilities to operate. There are indications that the withdrawal of council funding for these services is starting to destabilise the wider systems, affecting organisations' ability to secure match funding and investment, including from Arts Council England. An individual council reduction in funding may therefore lead to a much wider drop in investment in that council area.
34. LGA members have reported two particular challenges emerging from a s114 report:
- 34.1. Councils who have received a s114 report may not be able to apply for government funding as they are unable to guarantee the continued functioning of the facility to be funded. This example came to light with the Swimming Pool Support Fund, which required a guarantee that the pool continued to operate for five years following receipt of funding.
- 34.2. The speed at which financial savings need to be achieved poses a challenge to exploring alternative models of delivery, including community asset transfer, which typically require a longer development time for capacity building and engagement. This means that some assets may be lost to community use even though long-term retention for the community could be possible with more time to explore options.

### Implications for Wales

35. Culture, tourism and sport funding is a devolved matter, so this report focuses on England only. Welsh authorities are reporting similar financial challenges for these services.

### Financial Implications

36. No implication for the Board budget.

### Equalities implications

37. Paragraph 31 highlights the probability that inequalities will worsen as a result of the financial challenges facing services, with possible solutions to the funding problem risking making these services unaffordable for low incomes families and individuals.

## Next steps

38. The LGA is commissioning a snap survey of council chief executives on likely reductions in funding to universal services, including culture, tourism and sport services. This is expected to be launched mid-January.
39. The LGA is also commissioning a series of infographics, ahead of the annual Culture, Tourism and Sport conference on 5 March, highlighting some of the challenges facing local cultural services including:
  - 39.1. fragmentation of funding streams for local cultural services;
  - 39.2. the proliferation of different local governance structures affecting culture (including work to address this); and
  - 39.3. reduction in core local authority funding since 2008 and pressure on council budgets due to rising demand for social care.
40. More widely, the LGA is undertaking an intelligence gathering approach to support councils who have declared or at risk of declaring a s114 notice. This has included webinars with finance directors, and conversations with heads of service.
41. The LGA is also exploring the possibility of greater collaboration with the private sector with ukactive.
42. Our improvement offer has been adapted to reflect feedback from members on the biggest challenges to sustainability for culture and sport services. This includes the commissioning of the routemaps to sustainability, and our leadership training programmes for councillors and officers.
43. LGA officers will maintain a watching brief on this, as more councils announce the results of their budget decisions.