

## **Economic downturn - opportunity or threat?**

*Martyn Allison*

Over the last few weeks it seems every conversation I have comes round to the financial downturn and the potential impact on the cultural sector. It seems that the confidence that was growing in the sector is fast ebbing away as old fears and concerns emerge.

There is no doubt that the financial situation facing the country is having an effect on the sector. Income streams are reducing and capital developments are being at best reviewed and at worst cancelled. There is no doubt that council budgets are under pressure and next year will be tough.

Some of us however have been through tough times before and are still around to tell the tale. Experience suggests things always go up and down and the unprecedented period of growth in public expenditure and the positive developments in the sector would at some stage stall and turn downwards. The challenge is how the sector now responds.

There are in some quarters signs that people are returning to “victim mode” and predicting that the cultural sector will be a low priority for councils and will be the first to be hit and hit the hardest. Already I hear noises that the sector should “campaign for its survival”.

I believe this will be counter-productive and the last thing we should do although I accept advocacy will be important but should be constructive and coherent. We are now in a stronger position than ever before and we need to reflect this in our response. My views are based on three key perspectives.

**Firstly**, no part of the public services will be immune from the downturn and pleading a special case for culture and sport will have no impact on decision makers.

**Secondly**, the sector has a track record of playing a key role in supporting the social and economic impact of downturns in the past and can this time make an even greater contribution to how council's respond in local areas.

**Thirdly**, I fear the downturn will in the public sector as in the private sector quickly separate the weak from the strong in management and performance terms. Just as the downturn has quickly found out the already poor performing retail and manufacturing companies leaving the better positioned and performing less vulnerable, so in the public sector services and councils that have already grasped good management and continuous improvement principles will be the more likely to weather the storm. This creates huge opportunities for change.

Let us now examine a bit further these arguments.

It is already clear that councils are looking closely at next years budgets. Pressures to reduce costs and increase efficiency will be high as will the desire to keep council tax rises as low as possible. Single and upper tier councils are already struggling with increased pressures to maintain educational standards, protect vulnerable older people and respond to new pressures to protect children. Talking to council leaders it is clear that a range of strategies will emerge. Some will “salami slice” budgets to avoid closing facilities whilst others will use the smokescreen of the downturn to deliver radical service rationalisation.

Asking councils to simply protect theatres, libraries, parks and museums, arts and sport development will not wash, what will be required is a clear and evidenced set of justifications and arguments demonstrating the contribution the sector is and can make to delivering the councils longer term priorities. Those services that are already embedded in the LAA will be able to demonstrate their value more easily than those who are not but others will need to adopt the same approach if they are to justify continued funding.

The danger is that in these difficult times the sector returns once again to internal competition arguing among themselves that art is more important than sport and both are more important than parks or libraries. More than at any time before the sector must come together and present a coherent and comprehensive case for its contribution and work together to deliver better services for less resource. Only by doing this will it be taken seriously as difficult budget decisions are made.

Making the case to retain a culture and sport offer for communities should however be the minimal response. The sector can actually step up and actively address both the economic and social impact of the downturn.

Economically there is already strong evidence that the creative industries are an economic driver in many places. The LGA is about to start a new project to assist councils make greater use of this part of the sector to generate new jobs and economic activity and we should grasp the opportunity to promote this to councils looking to invest in saving their economies. The fall in the pound creates huge opportunities for tourism and with the Olympics on the horizon this area of potential additional economic activity will offer prospects for local growth. Although in no way wishing to create a marketing war with our colleagues in private sector facilities there will be sectors of the community which with encouragement can maintain their healthy lifestyles by moving to council run gyms and facilities.

Socially the sector has always been seen as a means of addressing the worse social affects of economic downturns. We perhaps need to remind ourselves that the birth of community recreation and sport development came in the late 1980s out of social unrest in Liverpool, the West Midlands and London. Action Sport was created from the governments desire to support alienated young people in these communities. Early arts development emerged from the same period. The sector now has the infrastructure and the expertise to make coherent offers to communities suffering the impact of unemployment and social disengagement. Our colleagues in the library service are in many places already offering access opportunities for employment search, supporting unemployed people with access to training and work advice.

The sector therefore should not just present a case to continue its offer to people and communities but present a range of arguments that generate and support both economic and social intervention.

Finally you would expect me to comment on the improvement agenda. As indicated above economic downturns tend to find the weaknesses in already poorly performing organisations first. I predict that culture and sport services that have already addressed the improvement agenda, strengthened performance management and can demonstrate they are highly performing organisations will not only survive but will quickly attract new resources and commissions. At the same time those that have coasted and avoided responding to these challenges will be found wanting and the easy targets for rationalisation and downsizing. We are already seeing many councils and individuals use the excuse of the financial position to opt out of self assessment, leadership training and other improvement activity claiming they can no longer afford it or have the capacity to do it. My argument is that this is shortsighted and this is the very time you need to invest in improvement in fact your survival will almost certainly depend on it.

I suspect councils faced with difficult financial decisions will quickly look at different ways of providing services. We have recently stimulated a debate on strategic commissioning because we believed the sector needed to raise its game in this area. The coming year will firstly see more councils using strategic commissioning to make sure it has the best delivery partners to deliver its priorities and the sector needs to be geared up for the opportunities and threats this creates. At the same time if the sector is geared up for commissioning it will have huge opportunities to attract new investment from other public services seeking partners to improve health, support older people, improve outcomes for children and young people and address community cohesion. Strong providers will therefore be able to grow when others are disappearing. The best councils will use the period of economic downturn to address the structure of their councils and ensure they come out of the downturn fitter and leaner and more focused for the future. This presents the sector with huge opportunities and huge threats.

So in summary the economic downturn will offer the sector both difficult challenges and new opportunities. We each have a choice. We can hide from the challenges hoping the downturn will pass us by or we can start the special pleading and hope we will be protected in some way. Or we can grab the opportunities it presents for us and use it to further show just how important the sector is and how well it can perform when the chips are down.

Lets hope we make the right choice.

*Martyn Allison  
National Advisor Culture & Sport.  
Improvement & Development Agency*