

The value of culture  
cannot be expressed  
only with statistics.  
Audience numbers  
give us a poor  
picture of how  
culture enriches us



## **Capturing Cultural Value**

How culture has become a tool of  
government policy

John Holden

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John Holden

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John Holden  
December 2004





# 1. Introduction

In June 2003 Demos organised a conference called ‘Valuing Culture’. The event started a debate about the degree to which cultural organisations should be obliged to use instrumental arguments to justify their public funding. In June 2004, Tessa Jowell, the Secretary of State for Culture, Media and Sport, published a personal essay called *Government and the Value of Culture* in which she asks, ‘How, in going beyond targets, can we best capture the value of culture?’.<sup>1</sup>

This pamphlet answers that question by proposing a wholesale reshaping of the way in which public funding of culture is undertaken. However, rather than beginning with the institutional structures and funding methodologies that currently operate, it starts with the assumptions underlying them. We need a language capable of reflecting, recognising and capturing the full range of values expressed through culture. Some of those values may be covert and naturalised, they may coexist or conflict, but only with clarity about what they are can we hope to build wide public support for the collective funding of culture.

Such a language, we argue, will have to:

- make explicit the range of values addressed in the funding process to encompass a much broader range of cultural, non-monetised values
- view the whole cultural system and all its sub-systems,

and understand how systemic health and resilience are maintained

- recognise that professional judgement must extend beyond evidence-based decision-making
- see the source of legitimacy for public funding as being the public itself
- overturn the concept of centrally driven, top-down delivery and replace it with systemic, grass roots value creation.

In short, we are proposing Cultural Value as an overarching principle for cultural funding. In this definition, Cultural Value:

- recognises the **affective** elements of cultural experience, practice and identity, as well as the full range of quantifiable economic and numerical data; it therefore locates the value of culture partly in the subjective experience of participants and citizens
- seeks a forward-looking model for assessing the **broad public value** (or loss of value) that can result from the decisions both of publicly funded organisations and funding bodies
- adopts unchanging **public goods** such as equity and fairness, enhancing trust in the public realm, health and prosperity, as long-term objectives, thereby creating a context where more specific goals such as social inclusion and diversity can be more easily understood
- promotes a **'strong' culture**, confident in its own worth, instead of a 'weak' culture dedicated to the production of ancillary benefits
- challenges policy-makers, cultural organisations and practitioners to adopt a **new concordat between funders, funded and the public**; Cultural Value gains legitimacy from public support and from the exercise of professional expertise; each part of the settlement is given due weight

- within an overarching framework that seeks to maximise public good and to promote the vitality of culture
- integrates culture with the rest of public policy; rather than being an add-on, existing in its own space, culture is seen as **an integral and essential part of civil society**.

This argument has radical implications for policy, funding institutions and cultural providers. We have some suggestions about what might change.

- To create greater public engagement with the arts, the cultural sector would recognise people's needs: libraries would be open at weekends; museums would have crèches; concert halls would do much more work around their programme such as suggesting recordings and books, and having music libraries.
- Towns might create 'one-stop culture shops' in shopping centres to provide information, friendly advice and ease of booking.
- Just as Village Design Statements influence planning decisions, a similar process could be used to create Cultural Community Statements. These would be written and developed by citizens with professional assistance, and would influence the way that funders invest.
- Cultural organisations would demystify themselves. Education programmes would be as much about cultural empowerment as about cultural content. For example, there are many ways in which early years' engagement with culture can be made easier. Primary school children would be taken to a theatre not only to see a play or to work with actors; the first step is to show them where the toilets are, how the lighting works, where the Director's office is, and let them own the building.
- Rather than marketing performances or venues, the cultural sector locally, regionally and nationally might

- wish to market a generic cultural offer to the public.
- The Department for Culture, Media and Sport (DCMS), the funding bodies and Local Authorities would stop giving targets to institutions. Funders would respond to the missions and visions of cultural organisations rather than setting their agendas.
- Local Authorities and regional funders would invest in plurality, quality and community. Local provision would expand, mediocrity would not be supported, and there would be a much richer dialogue between the public, cultural organisations and funders.
- Funders would be more concerned with sustainability, meaning less short-term project funding, and greater attention paid to building relationships.
- Evaluation would concentrate on improving performance rather than being used as an advocacy tool to justify further funding.

These are just a few of the consequences that could flow from adopting a new language for culture, one that creates new relationships and new forms of dialogue. We hope that this publication will begin a debate about how these ideas might develop further and how they could benefit cultural organisations and the public.

## 2. The problem

All around the country, cultural organisations – museums, theatres, arts centres and the rest – are holding away days to update their business plans. Library managers are drawing up budgets for their local authority bosses, and voluntary groups are filling in forms, seeking resources to restore historic buildings. They all need money, and they are competing for the attention of those who take decisions within that amorphous beast, the ‘funding system’.

Further up the food chain, the funding bodies themselves – Arts Council England (ACE), the Museums Libraries and Archives Council (MLA), the Heritage Lottery Fund (HLF) and the other acronyms – are updating their own plans on the basis of the latest three-year Spending Review from the Treasury. All these organisations have become more familiar, in recent years, with the experience of setting their activities against formal objectives, and seeking to justify activity and expenditure against ‘outcomes’.

But a growing sense of unease pervades the cultural sector as it sets about justifying its consumption of public money. Instead of talking about what they do – displaying pictures or putting on dance performances – organisations will need to demonstrate how they have contributed to wider policy agendas such as social inclusion, crime prevention and learning. The problem is particularly acute in the relationship between local authorities and the cultural organisations that they fund. Even where targets refer to cultural

activities, they are often expressed in terms of efficiency, cost-per-user and audience diversity, rather than discussed in terms of cultural achievement. In turn, the funding bodies and the DCMS will have marshalled statistics on the social outcomes of the activities that they fund, and deployed arguments about how culture helps social integration, economic regeneration and health. The attempt to make the effects of culture transparent and manageable, in order to support it effectively, has somehow obscured the true nature of the activities and experiences themselves.

Meeting the targets of funders is now the main issue:

*The gathering of evidence about the impact of the sector has assumed centre stage in the management of the subsidised cultural sector in England. It is closely associated with an extension of government control over the sector, and the tendency to value culture for its 'impact' rather than its intrinsic value.<sup>2</sup>*

There is increasing disquiet and frustration on both sides of the funding equation because neither funders nor funded seem able to talk about what they really do. Many artists feel that they are made to jump through hoops and that they create art in spite of the funding system. Their ability to 'play the game' and write highly articulate funding proposals is more important than the work that they make or facilitate. In turn, people inside funding bodies feel themselves ever more remote from the work they are funding. They spend far more time on bureaucracy than they do engaging in critical debate with artists and practitioners.

In sum, the identifiable measures and 'ancillary benefits' that flow from culture have become more important than the cultural activity itself: the tail is wagging the dog.

### 3. Why has this happened?

How we got to this point is a well-documented and familiar story, described in detail by Sara Selwood in a recent issue of *Cultural Trends*.<sup>3</sup>

In the 1980s the Conservative government decided that culture should be the handmaiden of the economy. Public funding had to rest on foundations of 'economy, efficiency and effectiveness', and cultural organisations justified their existence by showing that they increased tourism, regenerated cities and helped businesses to succeed.

With the advent of New Labour in 1997 new priorities were added, but still on the basis of instrumental outcomes. While New Labour was committed to supporting culture for its own sake, it sought various ways in which to justify this commitment, assume managerial control over cultural spending, and audit the results. In parallel, a growing range of instrumental arguments were employed for culture's contribution to other kinds of good. This approach is typified by the Social Exclusion Unit's Policy Action Team 10 on the role of culture in renewing deprived neighbourhoods:

*Art . . . can not only make a valuable contribution to delivering key outcomes of lower long-term unemployment, less crime, better health and better qualifications, but can also help to develop the individual pride, community spirit and capacity for responsibility that enable communities to run regeneration programmes themselves.*<sup>4</sup>



## Creating Cultural Value

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These assertions may be true, and few would question that they are desirable outcomes – but are they the central purpose of culture?

## 4. The problem of measuring instrumental value

Current methods of assessing impact and outcomes are increasingly being questioned, both in terms of the utility of the methodologies employed and the extent to which the results illuminate our understanding.

The issue is not confined to the cultural world. Right across the public sector there is disquiet that ways of demonstrating benefit have become tortuous, employing ‘complicated and contested assessments of causation’. Worse still, ‘those things that [are] easy to measure tend to become objectives, and those that [are not, are] downplayed or ignored’. This presents a particular difficulty for the cultural sector, where much of what is done is not ‘easy to measure’.<sup>5</sup>

If the methodologies of measurement are inadequate, the results flowing from them are bound to be unconvincing. The authors of a recent report from the National Museum Directors’ Conference state that ‘The DCMS have confirmed that there is no ready-made and reliable methodology in place for calculating the economic impacts of cultural institutions’.<sup>6</sup> This is a startling admission and undermines much of the rationale for current methods of collecting and using data.

More generally, after a lengthy analysis of data collection, the cultural statistics analyst Sara Selwood comments that ‘Despite authoritative research reports by DCMS’s and ACE’s own researchers, the shortcomings of data on the cultural sector, including quantitative data are generally acknowledged’.<sup>7</sup>

One reason that the evidence base is only partly convincing, and is likely to remain so, is because funder priorities keep changing, so that the historic data are always out of sync with current priorities. Nobody is really sure what the central outcomes are supposed to be so there is confusion at the heart of the debate.

More importantly, mass social outcomes cannot be predicted from the evidence because:

- the consequences of cultural engagement are too remote in time and space to be a matter of simple cause and effect (for example, it can never be proved that when a child re-engaged with her peers and teachers after a theatre project, it then led her to get a grade A at GCSE)
- cultural engagement is part of a complex mix of factors affecting people's lives, so again, there is no straightforward cause and effect (to take the same case, was the child also inspired by a TV programme or a chat with a friend?)
- systems of data collection have no way of measuring things that don't happen (if, for example, someone is saved from suicide by hearing a piece of music, this non-occurrence doesn't get counted)
- responses to culture are personal and individual; some people are radically transformed by a particular cultural experience while others are left unmoved, and capturing the subjective response is difficult; evidence of subjective effect gets dismissed as 'anecdotal'.

For all these reasons it is hard to make a convincing case that investment in  $x$  will produce  $y$  outcome. The frustration that this causes is evident in a speech made by the Minister for the Arts, Estelle Morris, in October 2003:

*I know that Arts and culture make a contribution to health, to education, to crime reduction, to strong communities, to the*

*nation's well being, but I don't know how to evaluate it or describe it. We have to find a language and a way of describing its worth. It's the only way we'll secure the greater support we need.*<sup>8</sup>

The implication is that, for all the effort expended in measuring benefits, assessing impacts and arguing that culture has demonstrable instrumental outcomes, people, especially decision-takers, are not convinced.

As Sara Selwood says:

*Until the collection and analysis of data is carried out more accurately and objectively, and until the evidence gathered is used more constructively, it could be argued that much data gathering in the cultural sector has been a spurious exercise.*<sup>9</sup>

One reaction to this is to produce better evidence – not just data, but knowledge that people can act on. This is happening and it is welcome. Existing methodologies of measuring outcomes need to be refined and properly applied, and indeed are becoming increasingly supple and sophisticated. For example, it is increasingly recognised that crude transpositions of ‘learning points’ and ‘best practice’ from one context to another often fail, and that the knowledge that needs to be garnered from projects is about reflective and dynamic processes rather than about prescriptive methodologies. To take just two examples from many, the MLA has recently introduced ‘Inspiring Learning for All’, intended as a helpful framework for capturing and measuring some of the hard and ‘soft’ outcomes of cultural experience. The DCMS itself has a research strategy in place to improve the range, quality and reliability of the evidence base. Policy-makers and funders should expect good quality data, and should be encouraged to measure the instrumental impact of cultural funding in convincing ways.

But there is another problem: the concentration on instrumental ‘impacts and outcomes’ has produced organisational and systemic distortions:

- The cultural aims and practices of organisations have been subverted. Energies have been directed into chasing funding and collecting evidence rather than achieving cultural purposes. In the search for outcomes and ancillary benefits, the essence of culture has been lost.
- Measuring impacts and outcomes tends to produce bureaucratisation. In order to be useful, data must be consistent over time. Systems of collection, ordering and recording are needed, and these have a habit of becoming rigid, whereas culture itself is fluid.
- The funding system does not have the confidence to take risks and to make judgements. This has lowered professional morale and tended to encourage stasis in funding patterns – borne out in complaints about funders rewarding failure and neglecting innovative success.
- Artists and practitioners have become discouraged from spending part of their careers within the funding system. This healthy interchange, which used to promote mutual understanding between funders and funded, is far less frequent than it was twenty years ago.
- Data and evidence about instrumental impacts have been produced in a context where organisations need to obtain funding. Whatever the merits or otherwise of individual pieces of research, from a systemic point of view, the objectivity of the information commissioned and produced must be questioned.
- Over a period of time, the need to demonstrate instrumental outcomes has tended to make funders more prescriptive and directive. Rather than responding to funding applications and enabling cultural practice, funders require organisations to adopt particular forms, policies and practices.

When these trends are combined, the danger is that the institutional and measurement properties of the administrative system exert far

too much influence over the nature of the cultural activity itself. In this sense, the tail truly is wagging the dog, and the long-term, cumulative impact is to separate both *what* gets funded and *who* gets funded from the most innovative, creative, dynamic or publicly engaging work.

The danger is that, unintentionally, these pressures will institutionalise cultural mediocrity by encouraging both funders and funded to take safe bets, while the most successful applicants will be those best able to ‘work the system’ through the processes of lobbying and proposal-writing. We should not be satisfied with criteria or decision-making processes that act as proxies for Cultural Value; rather, we should be seeking to design the institutions around the creation of Cultural Value.

There is one further difficulty with the language of outcomes: artists and institutions do not see themselves as creating outcomes. Cultural experience is the sum of the interaction between an individual and an artefact or an experience, and that interaction is unpredictable and must be open. To take a concrete example, it is the job of a gallery to put a painting on a wall, but it is not their job to determine what happens next. They cannot, and should not, require that 40% of viewers will have a spiritual experience in front of it.

There are, then, problems with the instrumental argument for culture both because the evidence is weak, and because of the systemic effects that the concentration on outcomes and impacts has produced. With an ever-growing body of evidence we seem to have lost sight of two things: one, that data is not knowledge; and two, that even the best objective data fails to account fully for why culture should be funded. The value of culture cannot be adequately expressed in terms of statistics. Audience numbers and gallery visitor profiles give an impoverished picture of how culture enriches us. Current forms of impact measurement are necessary, and they need to be improved, but they can never be sufficient.

## 5 The difficulty with intrinsic values

Attempts to express the ‘missing ingredient’ in the debate have often rested on an appeal to recognise the ‘intrinsic value’ of culture. There have been nods in the direction of intrinsic value from the highest quarters. In 1996 John Major said: ‘I strongly believe that man cannot live by GDP alone’.<sup>10</sup> Tony Blair, in 1997 ventured, ‘the Labour Party believes the arts should enrich the quality of our lives’.<sup>11</sup>

But these are mere asides, and have not diminished the growing pressure to value culture not for its own sake, but for its economic and social side effects.

More recently, Tessa Jowell has shown concern that the intrinsic value of culture is not being adequately recognised, within government and beyond:

*Too often politicians have been forced to debate culture in terms only of its instrumental benefits to other agendas. . . . In political and public discourse in this country we have avoided the more difficult approach of investigating, questioning and celebrating what culture actually does in and of itself.*<sup>12</sup>

Immediately, her arguments were described in the media as being about ‘The arts for art’s sake’.<sup>13</sup> Talk about ‘intrinsic value’ was rapidly dismissed as old-fashioned obfuscation, and just not hard-headed enough.

As the think tank, the Institute for Public Policy Research (IPPR), put it: ‘the old “art for art’s sake” argument is not going to wash’. They pointed out that the £11.5 million spent on Raphael’s *Madonna of the Pinks* could have funded more than 600 prison officers.<sup>14</sup>

Those arguing that culture has an intrinsic value, and deserves funding on that account, face media hostility and charges of mystification. They are attacked for being ‘elitist’ and for neglecting issues of access and accessibility. But they have a further problem: they have lost the vocabulary to make their case. The postmodern questioning of concepts such as beauty, truth, delight, transcendence and the like, coupled with the insight that these ideas are temporally and geographically specific, have made using them in debate an embarrassment at best, contemptible at worst. The use of the word ‘culture’ itself now begs the immediate response ‘whose culture?’. All judgements have become relative, suspect and tainted.

A further problem in talking about intrinsic value is that the cultural sector is diverse. The organisational aims of a visual artists’ cooperative are radically different from those of a literary archive. A public library has a different attitude to its stock than does a museum. Although the borders are fuzzy, some organisations are essentially concerned with the preservation or replication of an existing culture, and some on creating a new culture. Some are preoccupied with objects or buildings, while other are focused on process.

How can we talk about the same concept of intrinsic value across such a broad spectrum? It cannot mean the same thing in all cases, and if ‘intrinsic value’ is shorthand for a variable ‘something else’, then why not articulate it more clearly?

A further difficulty with intrinsic value is that cultural experiences are subjective. ‘Cultural policy’ addresses people en masse, but ‘culture’ is often a personal, private encounter.

Those encounters include works that challenge the emotions and/or the intellect, where commercial or private funding for the work is least likely to be forthcoming, and where state support is most unlikely to find general acceptance.

The diversity of producer aims and consumer responses in the



cultural sector clouds the picture for those involved in taking funding decisions. Yet funders *do* have to take real-life decisions about who gets money and who doesn't, and in the real world choices have to be made about quality, values and morals.

This highlights a final difficulty with intrinsic value. The concept is open to challenge on the grounds that it is a reversion to patrician and patronising attitudes. *We* will decide what has intrinsic merit and *you* will take two teaspoons a day. Whether wrapped in the language of 'excellence' or 'complex culture', the Arnoldian, mandarin flavour is undisguisable and must be confronted. When used as an argument for more funding, or for less restricted funding, 'inherent value' can appear as a form of defensiveness by cultural institutions and their leaders; an attempt to assert the value of their own judgement above that of others.

A confident assertion that such judgements are unavoidable will not be sufficient. Although the administration of public funding for culture necessarily involves decisions about excellence and quality, the defence of those decisions often seems to lack confidence. The judgements of funders need stronger foundations than subjective opinions and an appeal to 'intrinsic value'.

## 6. Framing a solution

The arguments seem to have got stuck in the old intellectual tramlines very quickly: instrumental vs. intrinsic value, floppy bow ties vs. hard-headed 'realists', excellence vs. access. Worse still, the instrumental/intrinsic debate has tended to polarise on class lines: aesthetic values for the middle classes, instrumental outcomes for the poor and disadvantaged.

What is the way forward? What is the answer to Tessa Jowell's question: 'How, in going beyond targets, can we best capture the value of culture?'

One approach is to say that culture is about both intrinsic and instrumental values. ACE, in its recent public spending-round bid, adopts the 'not only, but also' approach. It argues that 'the arts transform people and places' giving 'spiritual and personal sustenance', *and* that 'the arts are also instrumental in meeting public policy objectives'.<sup>15</sup> But the risk here is that both arguments get dismissed, for the reasons given above. Two flawed arguments do not add up to more than the sum of their parts.

Furthermore, both instrumental outcomes and intrinsic values fail to create a healthy relationship between the producers and the potential consumers of culture. Too much concentration on impacts and outcomes downplays the role of artists and curators in favour of audiences and non-attendees.

But a concentration on intrinsic values tends to put the artist or curator in a central position to the neglect of audiences. In the former case audiences can feel that they are the objects of policy delivery, and in the latter that they are patronised by a superior cultural establishment.

Having lost both a critical language, and also the Arnoldian, and indeed Fabian, idea that Culture improves People, how can we find a way of justifying state spending on the arts, museums, libraries and historic buildings? Can the idea of ‘intrinsic value’ be articulated in a new way that avoids the taint of either patrician judgement or mystification and yet allows us to take account of factors beyond the easily quantifiable?

A convincing solution must not only be intellectually satisfying, but have practical effects. It must produce a conceptual framework that will both permit a conversation about culture in convincing language, and also enable us to identify where and how organisations should change their behaviour. It must treat audiences and non-attendees as grown-up beneficiaries of culture, while acknowledging the central importance of cultural practitioners.

Above all, it should create a confident cultural system that addresses the concerns and needs of all concerned – funders, funded and the public. The language currently adopted in the cultural sector, by the funding system, and in the media is defective not just because it fails to provide an adequate means of talking about culture, but because it is a language of supplication and dependency that fosters relations of inequality.

The vocabulary of culture reinforces the notion that money given to the arts, museums, libraries and heritage is a hand-out. The National Theatre and the army are paid for by tax, but only the arts are described as a **subsidised sector**. Theatres **submit grant applications** (every word needs weighing), whereas farmers receive top-up payments. Business schools use case studies, but culture puts together **anecdotal evidence**. The negativity of the language is startling. Culture is **‘not for profit’** – as long as profit is defined in a particular way. The notion of ‘not for profit’ tends to reinforce the

tendency of the cultural sector to reward those who don't make a profit and to penalise those who do.

Many cultural organisations are **charities**, where the professional management have to be **governed** by non-executive Trustees. When Government pays commercial private sector companies for R&D, it enters into a contract resulting in experimentation, but in the cultural sector the same thing is called upholding **the right to fail**. Terms such as state **patronage** and private **philanthropy** conjure images of subservience and the begging-bowl. This language may not be surprising, since historically private patronage preceded state funding, but the master/servant relationship is perpetuated by its use. It is little wonder that many publicly funded cultural organisations lack confidence.

## 7. Principles of investment

All cultural funding bodies, be they ACE, the DCMS or a local authority, are essentially involved in taking investment decisions. They have to decide between competing claims on their resources with the aim of maximising their effects. So what is different about their decisions compared with those of other investors? There are a number of characteristics that need to be examined. These relate to the nature of the investor, the process of decision-making, the object of investment, and sometimes to the time-scale of the investment.

In the first place, the funding bodies are in the public sector and thus motivated by *considerations other than profit*. In common with other public institutions they seek to maximise their own operational efficiency, and aspire to get value for money from the investments that they make. But as trustees of the public interest, funders respond to what they understand to be the public's interest in culture, and that interest extends beyond maximising financial return. Funders are directed and influenced by Government to achieve a shifting series of explicit and implicit public policy goals. Funding bodies thus look for a range of outcomes from their investments beyond economic return, and may reasonably decide to invest in a less economically fruitful project that nevertheless has substantial social benefits. In other words, they can target funding to achieve their own and the Government's desired policy objectives.

Secondly, the public nature of funding bodies has implications not

just for what they decide but for the *way* that they take decisions. They both desire and are obliged to adopt processes that reflect their public status. They embody a collective, state-funded process that demands justice, transparency and equity. They function in ways that are both Political – they are governed by Government – and political – they necessarily adopt priorities formed by and reflected in the wider culture. This affects the way that they encourage, decide and administer grant applications, the way that they provide information to the public, and the methods that they employ to evaluate the results of their actions.

Thirdly, cultural funders invest in assets that have significance beyond their economic value. The assets – whether a painting, a performance or a historic building – are often unique and almost always incapable of being replicated, replaced or exchanged. Furthermore, cultural assets and activities have a worth beyond cost or realisable value and that worth is difficult to articulate, let alone calculate. Competing investment claims do not rest on straightforward comparisons; funders are rarely comparing like with like.

Finally, the time period of investment for some cultural funding bodies is radically different to that of other investors. The preservation of a historic building or the purchase of a painting for a national collection assumes that the asset will last in perpetuity. Thus the notional ‘payback’ period is beyond the funders’, and the individual administrator’s, time-limited interest.

What tools, then, do these funders need in order to make good decisions? Like bankers looking at annual reports and business plans, they are trying to allocate funds based on a combination of past performance and future prospects. Both are looking for the creation of maximum future value. There, however, the analogy ends. By their nature, public sector funders take into account the broad public interest, not merely short-term financial considerations. Their capacity to accept risk might be expected to be different. Most importantly, the ‘value’ that they look for is not the same as the ‘value’ that a financial investor seeks. The issue, therefore, is to clarify and

make visible the values that do in fact, or should in future, determine funders' investment decisions.

It is essential to examine the concept of value in order to understand why the benefits of cultural investment are so difficult to measure and express. Some values can be monetised, some cannot, but in both cases, we need to tease out what values we are talking about, and to understand the relative ease and difficulty of articulating each of them. That way, we may understand why some values are given more weight than others (because they are easy to measure and discuss), and why some are neglected through a simple failure of language or of nerve.

# 8. The language of economics

Economic value is determined by the extent to which something enhances or detracts from our well-being. Something has economic value if its benefits to the well-being of society (including future generations) are greater than or outweigh its costs. Though it encompasses commercial value – as expressed through monetary exchange within markets – economic value is not restricted to values that are revealed through markets. The full schema of economic value incorporates commercial (or market) value; use values not captured within markets; and non-use values.

## **Commercial values**

Commercial values that can be monetised are use values in the form of tangible financial returns, delivered through the operation of markets. In some cases this is relatively certain and easy to measure, but in other cases it is less predictable. In most cases future use values (such as the number of jobs that will be generated directly and indirectly by a landscape park, or the ticket income that will accrue to a gallery) are based on the expectations, experience and beliefs of experts. The experts are not always right. How many projects – of all types – have been funded on the basis of business plans that have proved to be incorrect assessments of future performance? If the predictions of use values are incorrect the sustainability of the project and the achievement of its wider aims will be undermined. (Use value



is of course only one factor in determining sustainability; it may also be undermined by other factors such as organisational capacity or lack of leadership.)

Commercial or monetised value contains both certain and uncertain financial flows, but is relatively unproblematic. The concept is easily grasped, and while there may be argument about a particular predicted flow – how many visitors will pay an entry fee, for example – there is no dispute about the fundamentals of the methodology.

### **Use values not captured within markets**

Not all use values are captured in markets. For instance access to beaches or the countryside, free entrance to museums, heritage streetscapes and public art all have economic value that is not captured by exchange.

### **Non-use values**

In cultural and heritage investment there is a further category of economic value, namely non-use value. Non-use values are understood to be:

- existence value: people value the existence of a cultural facility or heritage item regardless of whether they wish to take part in it or use it themselves
- option value: people want to keep open the possibility of using or enjoying something in the future, even though they don't use it today
- bequest value: people value leaving something to future generations.

These values accrue not only to tangible assets such as a statue or a building. They apply equally to such things as opera and Shakespeare. Some of these values can be observed in the form of market transactions. For example, it is not unknown for residents to support a village church even when they do not go to church themselves. Their motivation may be that they want to be buried in the graveyard,

or that they don't want to see the church bulldozed to make way for houses, or that they simply see 'the church' as part of what makes a village. They are willing to contribute to its upkeep, and therefore must value the building, but may never set foot inside.

However non-use values are more often 'not observable in market transactions, since no market exists on which the rights to them can be exchanged'.<sup>16</sup> Attempts to quantify non-use values therefore have to rely on normative questions – what do people say they would pay – rather than objective observation of what people actually pay. Inevitably, this introduces a further level of uncertainty.

These non-use values are highly significant for the funding of culture, given that so much cultural value rests on the preservation of assets, practices, knowledge or locations through which it can or could be created in the future. Non-use values provide one set of reasons for supporting forms of culture that do not command instant, widespread popularity or commercial return. As we know, many funders already use these considerations. But our current funding frameworks do not often make it easy to see how such criteria can be set alongside others to guide specific decisions.

So far then, we have shown different types of economic value: commercial use values; non-monetised use values; and non-use values. It can be seen that some display reasonable certainty through contractual arrangements, that others are quantified by reference to expert predictions, while non-use values are generally quantified by sampling opinions. Taken together, these values are the *economic* values expected to flow from a cultural investment decision.

# 9. Other values and other languages

In reality, public funders take into account factors other than the strictly economic when taking decisions. This may be a statement of the obvious, but the natural tendency to justify decisions on purely rational, objective, evidence-based grounds obscures the fact. Funders are reluctant to talk about many of the values that come into play. How can they express an Internal Rate of Return for cultural value? What is the Cultural Net Present Value of Random Dance or the Lowry over the next century? Here the language and techniques of economics begin to stretch and break down. The analogies become so remote as to become meaningless. As Estelle Morris says, we need to find a new language because the old language is failing us. Where can we look for clues that might help?

Culture is not the only arena in which seemingly intangible or innate or inherent values need to be taken into consideration. Anthropologists have for decades managed to describe how communities, societies, tribes and nations value their cultures. Ecologists and environmentalists have developed a language to discuss the value of 'the environment' that goes beyond considerations of short-term economic utility and into the territory of the spiritual. Businesses are grappling with how to value brands, patents, knowledge and morale. And in public service the shortcomings of New Public Management are being challenged in the emergent

discourse of Public Value. In all these places we may find clues that will help us to create a new language for culture.

### Anthropology

Reference to **cultural values** is commonplace in the literature of anthropology and material culture studies, but is rarely applied explicitly in discussions of the cultural context in which we currently exist. Cultural values have been characterised in different ways by different writers but they often include:

- **Historical value:** a special relationship with the past; a concept resting on particular viewpoints of history
- **Social value:** places or things that tend to make connections between people and to reinforce a sense of unity and identity
- **Symbolic value:** repositories of meaning
- **Aesthetic value:** a highly problematic area of enquiry involving dispute not only about what is beautiful but also about who has the power and authority to take decisions about what is beautiful
- **Spiritual value:** addressing aspects of the religious, the numinous and the sublime.

In the recent case of the grant given by the Heritage Lottery Fund to the National Gallery to purchase Raphael's *Madonna of the Pinks* (which, it will be recalled, was compared with the cost of funding 600 prison officers), all of the values listed above, both economic and cultural, are apparent:

- Use value: the painting will attract visitors whose expenditure supports jobs and production in the economy
- Non-use values: some people will approve of their Lottery pounds (often compared to a soft tax) being spent on something that their children, or strangers, may enjoy

- Historical value: the painting dates from the Renaissance and has an interesting history that links us to the past
- Social value: the National Gallery is a freely accessible public space; the painting will be viewed not only by individuals, but also by families, schools and interest groups
- Symbolic value: the painting is an expression of ideas about motherhood
- Aesthetic value: many profess to find the painting beautiful and pleasing to look at
- Spiritual value: the painting was conceived as, and continues to be, a religious icon.

Cultural value is generated and exists in a context: the space in which objects or performances appear, their critical reception and the climate of public and political opinion all affect cultural value. The cultural value of the *Madonna of the Pinks* would change if it were found in a stately home that charged an entry fee, or if it were dismissed as a modern fake.

Paradoxically, cultural value is an important determinant of economic value. It may be seen for example in the difference between the cost of materials of a painting and the amount that the painting raises at auction. In a further paradoxical twist, cultural value can also extinguish financial value: the *Madonna of the Pinks* is now outside the reach of the market.

We see therefore that economic value cannot completely express the ‘worth’ of a cultural asset. Funders must somehow determine and value cultural flows and cultural capital when assessing competing claims for resource allocation. Just as economic assets yield future economic flows, so cultural assets yield future cultural flows that in turn accrue a greater stock of cultural capital – those shared assets and experiences that change over time and that make us who we are.

Cultural values undoubtedly play a major role in decision-making, and they do get discussed in the media, but they play a curiously small role in the discourse of the cultural funding system.

## Environmentalism

Non-renewable natural resources and some of our common cultural assets, such as the contents of museums and folk dances, share a common characteristic. They are finite resources, and once destroyed they cannot be remade. This fundamental fact has implications for the way we treat both, and it follows that concepts used in debates about the environment are useful in discussing aspects of culture.

- A special **duty of care** attaches to finite resources, often expressed through the language of **sustainability**. The notions of preservation, conservation, care and maintenance apply.
- A natural consequence of the idea of sustainability is that of **intergenerational equity** – of ‘not cheating on our children’ as a former Minister of the Environment, John Gummer, once put it. Debates about intergenerational equity cannot be adequately conducted in terms of economic utility. By definition, within an economic model valuing future utility, calculations and assumptions have to be made and those must rest on moral and critical judgements. There can be no value-free, objective answer to the question of how we should calculate a monetary figure for the worth of finite assets to future generations. Moral judgements are unavoidable, however much economists may find them uncomfortable. The type of culture that we pass to future generations is a moral issue.
- Finite resources imply not just intergenerational equity but also fairness of present access, and perhaps more importantly **fairness of distribution of benefit**. In other words, if there is public investment in cultural assets, then there should be a high degree of equality of benefit across social classes, geographical areas, income groups, etc.
- The **precautionary principle** demands that a great deal of caution should be exercised when contemplating

irreversible change. This is useful in the context of culture in deciding between the relative importance of competing claims, and may for example have been a significant factor in the decision to keep the *Madonna of the Pinks* in the U.K.

- The importance of **biodiversity** is recognised in environmental discourse for a number of reasons. First, exercising the precautionary principle it follows that species should be maintained because they cannot be recreated. Second, considerations of intergenerational equity dictate that the current generation should not deprive future generations. But biodiversity is recognised as being useful for a third reason. The resilience of whole systems depends on there being a rich diversity of individual elements, so that if part of the system disappears, the systemic gap can be filled by the adaptation of other parts of the system.

In a homeostatic system, individuals will compete and cooperate but will maintain an overall systemic balance through processes of complex adaptation. In the world of culture, analogous arguments can be made about the need for diversity in funding. A vibrant culture needs a rich tapestry of historic buildings, archives, landscapes and artefacts to sit alongside libraries, theatres, galleries, concert halls, rappers, buskers, fashion colleges and so on. The broader and deeper the overall cultural ‘system’ the more resilient it will be in adapting to the changing needs of the society which it both forms and reflects.

Funders must therefore pay attention not just to diversity in the sense of social diversity, but also cultural diversity. The small, experimental, emergent practices that seem to lie at the margins of current concerns about culture needing to be economically and socially useful are vital for the sustenance of our cultural health.

- Environmentalists recognise that **fecundity** occurs in places where differences meet. The seashore and the field

margin are examples. We might therefore conclude that features of change and characteristics of **creativity** – stimulus, experimentation, discomfort, shock – are the vital signs of a healthy culture just as they are of a living ecosystem. With the current social outcome-driven system of justifying funding, it is easy for small-scale, minority interest, experimental work to be neglected.

- This set of environmentalist ideas is helpful in the cultural context for another reason. Today we can have *both* the canon *and* the experimental and new. We can accept that under the precautionary principle and the intergenerational argument we need to preserve the culture of the past, but also, with ideas of fecundity, evolution, change and growth that a new culture must constantly evolve. A healthy cultural ecology provides a habitat where both can thrive.

### **The language of ‘intangibles’ valuation**

Economists, financial analysts and investors recognise assets that are both large and important but which present them with enormous difficulties in assessing. Intangible assets – brands, knowledge, contracts for financial assets of variable worth over time, to name some of the most important – clearly have monetary worth, but it is a worth that is hard to quantify with certainty. A brand can be rendered valueless by a piece of bad publicity, knowledge can walk out of the door, as numerous advertising and software companies have found. Financial flows are subject to startling and sudden revision. Examples of intangible assets turning out to be worth substantially less than shown on the balance sheet are legion: Enron had total assets of \$65.5 billion in its 2000 accounts, of which \$55.5 billion were intangible; their true realisable worth has yet to be determined.

In the cultural sector, the ‘intangibles’ may be thought to include all those aspects of cultural value discussed above – historical, social, symbolic, spiritual and aesthetic – embodied in or expressed through



images, objects, experiences, performances, shared memories and the like.

In spite of universally applied accounting standards, practice on accounting for intangibles varies widely. A leading academic in the field, Baruch Lev of New York University, says that ‘for some types of investment in intangibles, financial reports leave us completely in the dark’ and adds that ‘we should create a common language, so that meaningful comparisons of intangible assets can be made.’<sup>17</sup>

The parallel between Estelle Morris and Baruch Lev both calling for a new linguistic approach in the realms of culture and financial accounting could hardly be clearer, so what new approaches are suggested in the field of intangibles?

First, there is the issue of **definition**. What should fall within the class of intangibles and what should not? In the cultural context, what should be the shared definition, or if definition is impossible, then the recognisable characteristics, of Cultural Value? The funding system has so far avoided this question, though an answer has inevitably emerged through practice. We can observe Cultural Value not through definitions (the Heritage Lottery Fund has no definition of heritage, Arts Council England has no definition of art) but by seeing what gets funded (landscape is now heritage, circus is now art, though neither used to be).

Second, the question of **consistency**. In the business world there needs to be common agreement across companies, accountants, regulators and investors about the meaning of terms such as ‘customer satisfaction’ and ‘research and development’. In the cultural field there needs to be broad agreement (in order to promote opposition as much as consensus) across cultural organisations, government departments and public ‘consumers’, about the way phrases such as ‘social value’ and ‘cultural value’ are used.

Third, **disclosure**. In the field of intangibles, a distinction must be drawn between recognition and disclosure. The former refers to items that have to be included on a balance sheet or profit and loss statement, and the latter to items where information must be disclosed in a footnote.

For example, oil companies recognise profits in their accounts, but their reserves positions are disclosed in supporting notes. In culture, organisations have to conform to accounting standards relating to financial matters in both these terms, but beyond that there is no sectoral commonality about what information organisations do or should make available.

In terms of the cultural sector, the above would imply a more open disclosure of how decisions are taken. No doubt funders do have conversations about the relative quality of the organisations and projects that they fund, but those conversations are not disclosed. We have no idea whether consistent language and criteria are applied in these types of discussion.

### **The emerging language of Public Value**

Douglas Alexander, then Minister of State at the Cabinet Office, wrote in 2002 that Public Value has ‘the potential to prompt a different way of thinking and talking about . . . issues, as well as pointing some practical ways forward’.<sup>18</sup>

His comments appeared in the foreword to a paper, *Creating Public Value: an analytical framework for public service reform*, written by Gavin Kelly, Geoff Mulgan and Stephen Muers for the Cabinet Office. They assert that:

*The concept of Public Value provides a useful way of thinking about the goals and performance of public policy. It provides a yardstick for assessing activities produced or supported by government (including services funded by government but provided by other bodies such as private firms and non-profits). Public Value provides a broader measure than is conventionally used within the New Public Management literature, covering outcomes, the means used to deliver them as well as trust and legitimacy. It addresses issues such as equity, ethos and accountability. Current public management practice sometimes fails to consider, understand or manage this full range of factors.*<sup>19</sup>

It is worth noting that the emergent concept of Public Value springs from the same dissatisfaction with the performance, measurement and target culture that is found in the private sector – where the response of many companies has been to adopt a ‘balanced scorecard’ approach in order to capture those vital elements of success that numbers alone fail to capture.

At its most basic, Public Value is the **value added** by government and the public sector in its widest sense, as set out by Douglas Alexander above. In other words it is the difference between what citizens give to and what they receive from public bodies. Citizens recognise value when they give up something in return for it, rather than merely saying that they are prepared to give something up. In the case of culture, on the input side of this equation there would appear direct financial contributions, including buying tickets and making donations, as well as a willingness to see tax revenues spent on supporting the sector.

But on top of that, and of particular importance in relation to culture, is the commitment of time and energy by the public. Hours spent visiting, using, enjoying and travelling to and from cultural activities demonstrate that the public values them. A higher degree of commitment is shown in volunteering, a particularly significant feature of the cultural sector. Volunteering does not have Public Value as an outcome or benefit; rather in itself it creates and embodies Public Value through the development of social relationships and affective attachments to culture.

So, public willingness to give something up – to spend money and/or time – is a crucial determinant of whether they value something. Given that one dimension of culture is always subjective, that is, it lies in the experience and perception of the ‘user’, this point is fundamental to the way we think about evaluating and funding culture through public means. However, public institutions and funding streams exist partly as ‘proxies’ for the public. The concept of Public Value therefore also addresses the processes of value creation by public bodies.

In *Creating Public Value: strategic management in government*,

Mark Moore argues that non-profit managers can, by ‘moving towards a new, more “self-conscious” approach to public administration . . . utilise their “operational competence” (ie detailed knowledge of organisational tasks acquired from on the job experience) to build a more effective public agency’.<sup>20</sup>

What Moore is suggesting is that public administrators should recognise that they use their expertise. Rather than adopting a stance of professional neutrality, people running publicly funded cultural organisations, funders themselves, and civil servants who oversee the whole system, should explicitly articulate the values that they in fact promote.

Moore identifies three steps in this process of value adoption. The first is the establishment of what he calls the strategic triangle:

- declaring the overall **mission and purpose** of the organisation in terms of public values; these are high-order concepts such as promoting equity, fairness and trust
- articulating the sources of support and **legitimacy** that sustain society’s commitment to the enterprise (such as taxes and opinion polls)
- explaining how the organisation will need to **conduct** itself and be organised in order to achieve its declared objectives; organisational capacity, corporate mores and leadership strength are crucial in creating value.

The second is mapping the organisational processes that take place in the production of Public Value (Moore calls this the ‘value chain’).

The third is developing a ‘performance grid’ – an accountability framework that links organisational activity from goals to outcomes.

Another way of looking at Moore’s thesis is to see it as a series of steps in the creation of Public Value: **mission; legitimacy; strategy; organisation and processes; accountability.**

It should be clear from the above that the creation of Public Value

as conceived here focuses on organisational processes as much as on outcomes. Legitimation comes from public acceptance not from delegated decision-making authority. **Professional judgement** is placed at the heart of public administration, and that raises many questions about how confident and competent professional judgement can be nurtured and recognised. Perhaps most importantly, rather than attempting to define universal public goods, the idea of Public Value requires individual organisations and managers to explain *their own* ideas of public good within the context of their own purposes and organisational norms and operations.

In other words, the self-perceived mission and identity of practitioner or 'delivery' organisations is as integral to the creation of Public Value as the categories, criteria or public legitimacy of the policy processes that award the funding. The importance of this shift in the way we think about funding culture cannot be overstated. The argument is that an essential part of the process of creating value flows directly from the actions and existence of the provider organisation itself, *as well as* from the experience and satisfaction of the citizen. A funding framework designed around this recognition might fare better in recognising and harnessing the true motivations of those who work in provider organisations.

The priorities of public good and value creation can change over time, and funders will have to address competing claims. This is a recognition of what currently happens in practice: the art of resolving conflicting claims, and of allocating scarce resources lies at the heart of public service professionalism. But it is an art that successive generations of public sector managers have sought to camouflage because it is essentially political. They have achieved this by adopting the language of professional neutrality (politicians decide where money should go, public servants merely manage the effects of that decision), and later through the principles of New Public Management (all outcomes should be measured by their utilitarian consequences).

The concept of the active creation of Public Value will be a challenge to public sector managers, requiring:

- transparency about decision-making processes
- more public participation
- greater capacity for leadership in setting goals and maintaining an ethos
- a more overt recognition of the public sector's role as 'social entrepreneurs'.

But the process will also

- create greater job satisfaction because public servants will be more empowered and will have more dialogue with the public that they serve
- recognise professional integrity and expertise by acknowledging and rewarding the role of professionalism in value creation
- increase trust between funders, funded and the public because of the more open and transparent processes involved.

# 10. Recognising Cultural Value

The categories of cultural value, the language of environmentalism, the practices of financial accounting for intangibles, and the idea of Public Value have been discussed briefly. To summarise what may usefully be taken from each of these other discourses:

## **From anthropology, the notion of cultural value:**

- the explicit recognition of non-economic values
- a language that allows discussion of historical, social, symbolic, aesthetic and spiritual values.

## **From environmentalism:**

- a duty of care in relation to finite and threatened resources, allied to the idea of sustainability
- the concepts of intergenerational and intragenerational equity, involving fairness and equity
- the understanding that diversity is required to produce a resilient whole system
- the precautionary principle that irrevocable change demands a higher degree of caution
- the recognition of creativity and fecundity as signs of systemic resilience.

### **From intangibles accounting:**

- the need for a shared definition/explanation/characterisation of things that are difficult to value
- consistent usage of terms
- a common approach to disclosure.

### **From Public Value:**

- the idea that organisations must determine, and be committed to, *their own* purposes rather than being given them by others
- the consequent radical conceptual shift away from a top-down, target-driven culture towards a concordat of understanding between funders and funded that favours the creation of value (recognised by the public) rather than the delivery of benefit (recognised by administrators)
- the recognition that legitimacy, trust in institutions, equity and fairness are fundamental to Public Value means that *how* organisations operate is as important as what they strive to achieve
- the explicit recognition of professional judgement and discretion as a factor in good public administration and service.

The question is, can these ideas be synthesised to provide a set of broad principles and useful tools for people working in the cultural sector? The sector is in search of a convincing narrative to validate its activities – a narrative that must convince the world at large. A new language is needed to develop both a cast-iron case for public funding of culture and the systemic and organisational forms and practices needed to deliver continuing public support. This will only come about if we can find ways to recognise why people value culture, and if we can find ways to articulate how public institutions – funders and



funded cultural organisations – create value. This in turn will only be achieved if we can:

- make explicit the range of values addressed in the funding process to encompass a much broader range of cultural, non-monetised values
- view the whole cultural system and all its sub-systems, and understand how systemic health and resilience are maintained
- recognise that professional judgement must extend beyond evidence-based decision-making
- see the source of legitimacy for public funding as being the public itself (without privileging the interests of today's public over that of the future public)
- overturn the concept of centrally driven, top-down delivery and replace it with grass roots and systemic value creation.

There are tensions in this synthesis. For example, the idea that value must be recognised by the public may be at odds with the notion of systemic health through diversity. Additionally, and importantly in the context of culture, the recognition of what the public values *today* may compete with the idea of intergenerational equity. But the key to reconciling these and other tensions lies in confident professional administration, resting on firm foundations of widely recognised public goods. This in turn creates a further tension: the exercise of professional judgement may not sit easily with short-term public preferences.

What might this mean in practice? How is the value inherent in and created by the cultural sector to be recognised?

The authors of the Cabinet Office paper on Public Value make no mention of culture, even though their arguments apply as much to the cultural sector as to other areas of publicly funded activity. In fact culture is a particularly rich area of value creation, because value is created in three ways.

- However unsatisfactory the notion of instrumental outcomes may be, and however defective and slippery the historical measurement of those outcomes, there are clear instances of culture producing benefits, even for people who have not directly engaged with the cultural artefact or activity. At the risk of repeating the obvious examples, Tate St Ives and the Eden Project have had real effects in regenerating regional economies. The *artefacts* of culture produce value.
- Direct involvement in cultural production and consumption – from volunteers who give up their time to heritage projects to pupils learning through museum visits – also has beneficial results. The *processes* of culture produce value.
- Engagement with culture is a way of ‘voting with your feet’. The very fact that people go to theatres and galleries, visit country houses and museums, make music and write poetry is proof enough that they value culture. In this sense culture does not simply produce value, it *embodies* value.

# 11. Creating Cultural Value in practice

We need a clearer understanding of what Cultural Value might be, and the range of values through which we can recognise it. But the ability to act on such recognition is equally essential. In this section we address the implications, practical and organisational, of seeking to build activity and knowledge-capture around the processes of value creation.

The first step for any organisation that wishes to start using this new paradigm of Cultural Value is to consider the underlying public goods that it seeks to generate. At present these flow from the policy directives that it has been given both explicitly and implicitly. These directives may be internalised into the organisation's own strategic plans. Under the new paradigm it would be up to the organisation itself to determine its objectives, and to express how those objectives create value of one sort or another. But to stick with the status quo, in the case of one typical but anonymised funding body, the public goods that underlie its strategic objectives, as expressed in its strategic plan, appear to be:

- maintenance of inherited culture
- enhanced trust in public institutions
- equity and fairness
- resilience in the organisations and system they are funding

- value for money
- health
- prosperity
- learning
- resilient local communities.

These are the positive outcomes that the funding body is looking for, some from its own operations, and some from the grants that it awards. But these goals are only partly expressed in these high-level conceptual terms. It is more common to find second-order goals articulated. For example, strategic plans may refer to ‘regeneration’ or ‘social inclusion’ as goals. What is needed is to place ‘regeneration’ within higher order concepts, so that everyone understands why ‘regeneration’ is a goal. ‘Regeneration’ is not an end in itself but one route to the creation of public goods. If regeneration works it will create prosperity, but it will not have worked fully unless it also produces healthier people and healthier communities.

It will not have had maximum effect unless the way the regeneration has been pursued has improved public trust in institutions. So step one in recognising and producing value is for institutions to articulate the higher order public goods that they are pursuing, and to place their goals within that framework.

The second step is to appreciate that value is created as much through the way that organisations carry out their functions as through what they do. Processes can create or destroy value, as much as can content. Different sorts of value can be created within organisational processes, and it is important that the calculation of Cultural Value takes account of this. A major source of frustration, for everyone involved in the cultural system, is the way that in practice doing is separated from being in the realms of policy, funding and evaluation. This is one reason why practitioners feel that they are being judged on criteria that are not fully relevant to them. Outcomes are not in reality separate from the processes or from the systems that produce them.

The third step is to understand that value creation is essentially a

subjective phenomenon (albeit a collective one) rather than an objective one. In other words, a community cannot be *told* that it is benefiting from an increase in value, rather that value only exists when it is experienced broadly within the community. Attempts at capturing, recording and feeding back the recognition of Cultural Value must therefore be based on what the public themselves perceive.

Fourthly, the creation (and destruction) of value can be unpredictable. Take, for example, the case of an education space in a gallery: the space is supported by a funder whose main objective is to encourage schoolchildren to visit, and thereby to improve the pupils' curriculum performance. It then transpires that the place is not used by schools at all – the teachers cannot find the time – but it is adopted by a large number of art classes in the local community.

If the funder measures the gallery in terms of the expected outcome and benefits the gallery may be deemed a failure, but it would have created a different sort of value. Instead of a 'learning outcome' it would have produced a more cohesive social structure among a different community of interest. That would be recognised and applauded under a system that recognises the existence of Cultural Value.

In the hypothetical example shown in Table 1, it will be apparent that different aspects of value creation rest on different foundations. For example, the recognition of prosperity and employment rests on traditional objective measures, enhanced trust in institutions can only be determined through public perception, while the maintenance of cultural systemic resilience relies on professional decision-making and peer recognition.

In summary, organisations must articulate the broad themes of value that they wish to encourage and create, and align their ethos, practices and processes to meet those aspirations. They must then adopt ways of discovering from those they deal with and those who are affected by their decisions what value has in fact and in perception been created. The calculation of Cultural Value represents a profound shift in underlying thinking, with far-reaching and by no means predictable consequences.

**Table 1. A concrete example of how to capture Cultural Value from a funder’s point of view might look something like this:**

| <i>Value (defined by mission; generating legitimacy; and manifested in organisational process)</i> | <i>Value recognition (strategy implementation)</i>  | <i>Value recorded (accountability)</i>                        |
|--|---|---|
| Enhanced trust in public bodies  | % satisfaction among successful and unsuccessful funding applicants, and % intention to reapply | Quarterly customer care surveys                               |
|  | Propensity of opinion leaders to assess organisation favourably                                 | Opinion leader surveys  |
|  | Match between funder’s aims and public perception of funder’s achievements                      | Strategic objectives, surveys and opinion sampling            |
|  | Public awareness and perceptions of funder  | Opinion sampling  |
| Equity and fairness  | Per capita distribution of funds  | Funder’s database   |
|  | % funding to deprived communities   | Evaluations   |
|  | % project delivering access benefits (intellectual and physical)                                | Evaluations   |
| Cultural systemic resilience   | Diversity of size and type of organisations funded  | Funding database  |
|  | Assessment of cultural value generated (see below)  | Critical reviews, peer reviews, professional opinion          |
|  | Adequacy of risk-taking   | % financial and critical failures and relationship of the two |

**Table 1. continued**

| <i>Value (defined by mission; generating legitimacy; and manifested in organisational process)</i> | <i>Value recognition (strategy implementation)</i>                                      | <i>Value recorded (accountability)</i>  |
|--|---|---|
| Cultural value   | Aesthetic value   | Critical and peer reviews, press comment, opinion sampling  |
|  | Historical value  | Academic commentary   |
|  | Social value  | Opinion sampling  |
|  | Spiritual value   | Critical and peer reviews, press comment, opinion sampling  |
| Well-being   | Number of communities showing positive relationship between funding and social cohesion | Data on participation rates and diversity of participants<br>Case studies measuring social capital before and after funding<br>Secondary evidence showing links between social capital and further well-being benefits, eg crime reduction and health |
|  | Number of communities showing positive relationship between funding and health          | See above for evidence of social capital  |

**Table 1. continued**

| <i>Value (defined by mission; generating legitimacy; and manifested in organisational process)</i> | <i>Value recognition (strategy implementation)</i>   | <i>Value recorded (accountability)</i>   |
|--|--|--|
| Prosperity and employment  | Direct income revenue from tourism   | Local and regional data  |
|  | Change in employment   | Employment data  |
|  | Evidence of local economic regeneration  | Evaluations, opinion sampling, press reports   |
| Learning   | Increase in engagements with educational sector and with out-of-school activities; quality assessments | Feedback from schools and partners   |
|  | Delivery of generic learning outcomes  | Evaluations; link with secondary evidence regarding role of enjoyment in effective education |
| Value for money  | Money going towards administrative costs as a % of overall revenue                                     | Management accounts  |
|  | Cost of processing funding applications  | Management accounts  |
| Recognition of value within the community  | Media coverage   | Media monitoring   |
|  | Community feedback   | Opinion polls, focus groups, unsolicited communications                                      |



### **Yes, but....**

It may be argued that in practice the recognition of Cultural Value merely replicates existing ways of measuring performance. It is simply the emperor's new clothes, since we will still have to measure such things as visitor numbers, tourist spend, audience diversity and educational activity in order to establish the existence of Cultural Value. Worse still, this may look like cultural-funding-by-focus-group.

It is true that some, indeed many, measures will remain unchanged, and that new ways will need to be found to assess public satisfaction, but that misses the point. First, the measures would be organised and used differently (and organisational capacity would need to adapt in order to do that) so that systemic processes themselves create value, rather than seeing value as a product. In addition, Cultural Value calculations have several features not shared by current methods of target- and outcome-based measurement systems:

- The concept of Cultural Value extends the range of factors that can be taken into account. It expands the range of the discourse by welcoming the inclusion of factors such as the cultural values that have been described above: the historical, social, symbolic, aesthetic and spiritual values that lie at the heart of culture but which bureaucracies and organisations find the hardest of all to articulate and defend.
- Casting performance measurement in the new conceptual framework of Cultural Value both changes and clarifies *why* the existing measurement is taking place. Goals such as education programmes and increased diversity are understood in terms of the public goods that they embody and create, not just as ends in themselves.

Cultural Value calculations also extend the boundaries of evaluation

and ask questions about the best methods of measuring things so that the measures themselves promote, rather than destroy, value creation. To take a concrete example, funders record the geographical distribution of grants. They started to do this partly as a defensive measure against potential criticism from government and the media that the spending of funds fails to match their origins. If looked at through the lens of Cultural Value, the point of this measurement changes, and a new set of positive outcomes can be identified.

Using the new framework, geographical distribution is measured in order to assess the development of public goods such as social equity, public trust and the legitimacy of institutions. This in turn raises the question of the best method of recording and communicating geographical distribution. Rather than being based on Government regions, would it also be useful to look at areas of deprivation, investment 'cold spots', city regions and so forth? Further, in order to generate trust and legitimacy, how should funders communicate what they are actually achieving in terms of geographical distribution? Rather than having to convince their own funders about their legitimacy (in order to achieve devolved budgets and responsibilities – top-down authority), should they now also be pursuing a strategy of wider public buy-in by using such methods as seeking local press coverage (in order to generate broader and convincing public support for their activities – bottom-up democracy)?

- The acknowledgement of Cultural Value addresses the issue of the legitimacy of institutions. The activities of funders cannot simply rest on devolved authority from Government. Legitimacy must be earned through practices and processes and a record of good decision-making rather than being conferred from above. Underpinning faith in public institutions are notions of fairness, equity and transparency. Funders must show through the way that they interact and communicate with the organisations that they fund and with the public that

these principles are being upheld. They must therefore be able to demonstrate that they have invested across their whole portfolios in ways that are equitable between citizens.

- Concentrating on *public* perceptions of Cultural Value helps with the issue of creating trust in public institutions. Current concerns about a gap between often objectively improving services and public dissatisfaction with those same services may be addressed in part through concentrating less on the achievement of narrowly defined quantitative targets, and more on capturing the positive and negative expressions of public satisfaction with their own experience of those services.
- By recognising the legitimacy of professional judgement, supported by a system that takes account of many types of value creation, Cultural Value calculations restore the ability of professionals to discuss cultural work. This reintroduces reality and also fresh air into the discussion between funders and funded and it restores morale. However, professional confidence cannot be rebuilt overnight, and one of the questions that flows from this analysis is how to build that confidence.
- The exercise of professional judgement in pursuit of systemic cultural vitality restores the capacity of funders to support experimental, edgy work undertaken by people who are not adept at filling in forms. Why can't dance groups submit videos, or galleries paintings? As the singer Mike Heron once responded when asked to explain his songs, 'If I could say them in words I wouldn't have to write them'.

# 12. Conclusion

The types of measurement that may be used in the calculus of Cultural Value will display wider and more holistic characteristics than current measurement systems. They will tend to include a greater emphasis on qualitative measures and pay more attention to public perception. They will also tend to be more open-ended and future-focused rather than being engaged in tracking outcomes against predetermined expectations.

The present paradigm of evidence-based, target-driven decision-making is based on a technocratic world view which

- sees linear patterns
- excludes unforeseen outcomes
- discounts things that are difficult to measure
- concentrates on product and outcomes not process.

Within this paradigm, funders give policy direction explicitly and implicitly, the funded respond by doing things, and then measure those things to demonstrate their compliance with the funders' wishes. They focus on the outcomes and the product.

The new paradigm of Cultural Value

- recognises the affective elements of cultural experience, practice and identity, as well as the full range of quantifiable economic and numerical data

- seeks a forward-looking model to understand the broad public value (or value destruction) that can result from the decisions both of publicly funded organisations and funding bodies
- adopts broad and unchanging concepts of public goods such as equity and fairness, enhancing trust in the public realm, health and prosperity, thereby placing goals such as social inclusion and diversity in a context that can be easily understood
- promotes a 'strong' culture, confident in its own worth, instead of a 'weak' culture dedicated to the production of ancillary benefits, but it does not rest its case on the assertion that culture has 'intrinsic value'
- challenges policy-makers and organisations to adopt a new concordat between funders, funded and the public. Cultural Value gains legitimacy from public support and from the exercise of professional expertise. Each part of the settlement is given due weight within an overarching framework that seeks to maximise public good and to promote the vitality of culture.

By according status to cultural values, taking into account professional expertise, and seeing that institutions gain legitimacy through public support, the recognition of Cultural Value will enable the cultural sector to achieve a working concordat between funders, funded and the public. Each part of the settlement is given due weight within an overarching framework that seeks to maximise public good and to promote the vitality of culture.

But the agenda requires bravery. It offers fundamental challenges to the way that funders and funded work together, and how they in turn engage with the public. If the foregoing analysis is correct, attitudes to governance, accountability and workforce development need to change. Above all though, the practices of everyone involved in the public funding of cultural activity would be radically different. Funded organisations will need to accept a new form of challenge, to

scrutinise themselves on the basis of what multiple sources of feedback can tell them about their own ability to enact their goals. Funding and policy organisations face equally demanding challenges: to re-examine the processes and criteria through which they take decisions, and their implicit assumptions about evidence and impact, from a completely different perspective, and then to involve a wide constituency in their redesign. The implication of our analysis is not, however, that the current system must be thrown away in order to start again. Many existing practices have value if they are put in the proper context. The gains of recreating that context around the goal of Creating Cultural Value should be enough to motivate all concerned.

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