



Department
for Culture,
Media & Sport

E:

[enquiries@dcms.](mailto:enquiries@dcms.gov.uk)gov.ukwww.gov.uk/dcms

29 November

Baroness Sater
House of Lords
London
SW1A 0PW

2024

INT2024/09410/D

Dear Baroness Sater,

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Baroness Twycross
Minister for Gambling
1st Floor
100 Parliament Street

This Government remains steadfast in its commitment to support arts, heritage, and cultural organisations, recognising the vital role they play in enriching our cultural landscape and contributing to our economy. Following the recent Question for Short Debate on the impact of the Budget on Arts, Heritage and Cultural Organisations, I am writing to address the questions raised by the noble Lords and Ladies during the discussion that I did not have time to answer directly in the chamber.

The noble Baroness, Lady Sater, asked about the future of the UK Shared Prosperity Fund and whether a replacement funding model will be established to provide much-needed security. Given the fiscal inheritance we have had to make difficult choices and to focus resources where there is the most pressing need. We will continue the UK Shared Prosperity Fund (UKSPF) at a reduced level for a further year by providing £900million for local authorities.

This transitional arrangement will allow local authorities to invest in local growth, in advance of wider funding reforms at Phase 2. This allows us to prioritise wider funding pressures across local Government, whilst retaining places' ability to invest in local growth and support their local economy via UKSPF.

The noble Earl of Clancarty asked how the Government plans to support the UK's film and TV production sector and whether it would consider measures such as levies on major streaming companies. The Government remains committed to ensuring the long-term success of the UK's world-class film and TV production sector. We aim to support a vibrant, sustainable creative economy and ensure the UK remains a global hub for film and television production. We encourage all industry players to contribute to the sector's continued success, and we are developing our approach to driving growth across the creative industries as part of the Government's Industrial Strategy.

The Noble Earl also raised concerns about the impact of VAT on specialist schools, particularly those in the Music and Dance Scheme (MDS). The Government believes in parental choice, but is also determined to fulfil the aspiration of every parent to get the best education for their

child. Around 94% of school children in the UK attend state schools and ending the tax breaks on VAT, and business rates, for private schools is the right thing to do.



HMT has published its assessment of the impacts of removing the VAT exemption that applied to private school fees, which can be found on GOV.UK

As set out in the HMT response to the technical consultation in the VAT changes, performing arts schools that offer full-time education to children of compulsory school age, and/or 16-19 year olds for a charge, will remain in scope of this policy. This is to ensure fairness and consistency across all schools that provide education services and vocational training for a charge.

The Department for Education provides means-tested bursaries for eligible families as part of the Music and Dance Scheme (MDS) if their child has a place at any one of eight performing arts private schools. For this academic year 2024/25, lower income families will receive additional support to ensure the total cost of their parental contributions do not rise from January 2025 as a result of the VAT change. This will benefit around half of families with an MDS bursary for their child. As the government response to the technical note confirms, higher education is carved out from the scope of these changes.

The noble Lord Bishop St Albans raised concerns about the preservation of the UK's choral traditions and the potential threat to choir schools. Within the Music and Dance Scheme, the Department of Education continues to fund bursaries for training choristers through the Choir Schools' Association. All music is a key part of our heritage and improving access to music is a priority for this government, linking to this government's mission to extend opportunities for all children and young people. For example through the ongoing Curriculum and Assessment Review and through the National Music Education Network - further details on which will be published in due course.

The noble Lord Harlech asked about the impact of budget cuts on heritage and whether the government will raise the £1 million cap or limit it to assets held for less than 10 years, or provide that assets held for 10 years after succession qualify for full relief.

At Autumn Budget 2024, the Government took a number of difficult but necessary decisions on tax, welfare, and spending to restore economic stability, fix the public finances, and support public services. These were tough decisions given the situation inherited from the previous administration, but the Government has done so in a way that makes the tax system fairer and more sustainable.

The Government set out its policy at Autumn Budget 2024 regarding agricultural property relief, and business property relief. From 6 April 2026, in addition to existing nil-rate bands and exemptions, the 100% rate of relief will continue for the first £1 million of combined agricultural and business assets, and the rate of relief will be 50% thereafter. There is no intention to reverse the reforms being introduced from 6 April 2026.

The noble Lord Freyberg inquired about the cumulative impact of funding measures on the cultural sector and plans to address local authority museums' needs. This was also later raised by the noble Lord Parkinson. The DCMS settlement at the Spending Review included some increased support across the arts and culture by uplifting Grant-in-Aid for the National Museums and Galleries to help support their long-term sustainability. In the Budget, the Chancellor announced a package of cultural infrastructure funding that will build on existing capital schemes, with additional capital investment to support cultural organisations across the country. In the last few years, these schemes have supported both regional and national

museums with critical maintenance projects across their estates.



The next stage will be to go through departmental allocation processes to agree funding allocations, so we are not able to provide detail on specific funding lines at this point. We are committed to examining funding structures and challenges across the entire sector, from our review of Arts Council England, to our commitment to restoring stability to Local Government finances

The noble Lord Parkinson of Whitley Bay requested figures on cultural infrastructure funding allocations following the Budget. There is of course now work for DCMS to do to determine funding allocations across our different programmes, as is standard practice following a fiscal event. I will update your Lordship's House on the Department's plans when this process is complete.

The noble Lord Parkinson also raised concerns about the impact of National Insurance Contribution changes on charities and arts organisations and the position it places arts and heritage organisations currently constituted as companies.

Raising the revenue required to fund public services and restore economic stability requires difficult decisions on tax. This includes asking employers to contribute more.

The Government will protect the smallest businesses and charities by increasing the Employment Allowance, which will mean 865,000 employers (43%) will pay no NICs at all, and more than half of employers see no change or gain overall from this package. Additionally, employers will continue to benefit from NICs reliefs for hiring under 21s and under 25 apprentices, where eligible.

The Government recognises the importance of charities and the vital role they play in communities across the UK. Within the tax system, the Government provides significant support to charities through reliefs and exemptions, including over £6 billion in charitable reliefs provided in 2023–24. This includes Gift Aid, business rates relief, and reliefs for charitable giving, which help to offset costs.

The arts, heritage, and cultural sectors are at the heart of our nation's identity and a vital part of our economy. The Government is dedicated to ensuring these sectors continue to thrive, with targeted support and investment to foster growth and sustainability. I look forward to updating the House as we build on this commitment in the months ahead.

I will deposit a copy of this letter in the libraries of both Houses.

With best wishes,

Baroness Twycross
Minister for Gambling

cc. Lord Parkinson of Whitley Bay, The Earl of Clancarty, The Lord Bishop of St Albans, Lord Harlech,
Lord Freyberg

