THE ARTS COUNCIL OF ENGLAND

England & Wales · Charity number 1036733

Details

Other names	ARTS COUNCIL ENGLAND
Status	Registered
Legal form	Other
Registered	1994-04-19
Register	View on the Charity Commission register

Contact

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Phone	0161 934 4317
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Website	www.artscouncil.org.uk

Activities

Objects: (1) TO DEVELOP AND IMPROVE THE KNOWLEDGE UNDERSTANDING AND PRACTICE OF THE ARTS. (2) TO INCREASE ACCESSIBILITY OF THE ARTS TO THE PUBLIC IN ENGLAND; AND (3) TO ADVANCE THE EDUCATION OF THE PUBLIC AND TO FURTHER ANY OTHER CHARITABLE PURPOSE WHICH RELATES TO THE ESTABLISHMENT, MAINTENANCE AND OPERATION OF MUSEUMS AND LIBRARIES (WHICH ARE EITHER PUBLIC OR FROM WHICH THE PUBLIC MAY BENEFIT) AND TO THE PROTECTION OF CULTURAL PROPERTY; AND(4) TO ADVISE AND CO-OPERATE, WHERE IT IS APPROPRIATE TO DO SO, WITH DEPARTMENTS OF OUR GOVERNMENT, OUR SCOTTISH AMINISTRATION, THE NORTHERN IRELAND EXECUTIVE AND THE WELSH MINISTERS, LOCAL AUTHORITIES, THE ARTS COUNCILS AND EQUIVALENT ORGANISATIONS IN THE MUSEUMS AND LIBRARIES SECTOR IN SCOTLAND, WALES AND NORTHERN IRELAND (OR THEIR SUCCESSORS) AND OTHER BODIES ON ANY MATTERS RELATED TO THE OBJECTS IN (1), (2) AND (3) ABOVE.

Activities: Arts Council England works to get great art to everyone by championing, developing and investing in artistic experiences that enrich people's lives. As the national development agency for the arts we support a range of artistic activities, acting as an independent body at arm's length from government.

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'Achieving great art for everyone' is our 10-year strategic framework for the arts.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Arts/culture/heritage/science
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£843,062,677	£731,085,056	£-41,234,310	704
2024-03-31	£803,065,402	£756,289,350	£-152,345,567	679
2023-03-31	£795,709,913	£989,630,527	£-198,317,090	700
2022-03-31	£941,845,043	£952,649,738	£-3,842,128	720
2021-03-31	£1,488,655,343	£1,419,616,010	£250,371,621	618

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Trustees

Name	Role	Appointed
SIR NICHOLAS ANDREW SEROTA	Chair	2017-02-01
Abigail Pogson		2022-05-15
Andrew Lovett OBE		2024-12-01
Annabel Turpin		2023-12-01
David Bryan CBE		2023-01-01
Deborah Shaw		2022-05-15
Grace Chan		2025-12-01
HELEN JUDITH BIRCHENOUGH		2018-12-05
Jo Verrent MBE		2025-12-01
Jon Gilchrist		2026-05-15
Jonathan Douglas CBE		2025-12-01
Pawlet Brookes MBE		2025-10-01
Phil Stokes		2024-12-01
Sally Shaw MBE		2023-12-01
William Bush		2022-05-15
YolanDa Brown OBE DL		2022-05-15

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THE ARTS COUNCIL OF ENGLAND

England & Wales - Charity number 1036733

Accounts

Arts Council England,
Grant-in-Aid and National Lottery
Distribution 2024/25

Annual Report & Accounts

For the year ended 31 March 2025

HC 953

ARTS COUNCIL ENGLAND

ANNUAL REPORT AND ACCOUNTS 2024-2025

For the period 1 April 2024 to 31 March 2025

Presented to the Parliament pursuant to sections 34(3) and 35(5) of the National Lottery Act 1993 (as amended by the National Lottery Act 1998 and National Lottery Act 2006).

Ordered by the House of Commons to be printed on 17 July 2025

HC 953

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Chair's report

The principle that everyone should have access to the very best in art and culture is the foundation of our strategy Let's Create. It is writ large in the Arts Council's successive Royal Charters. It is also a principle that underpinned the influential White Paper on arts and culture published 60 years ago this year by the first Arts Minister, Jennie Lee.

Excellence and access do not exist in isolation from each other and are not mutually exclusive. In the best of creativity and culture they combine to form a catalyst which sparks innovation, ambition and dynamism. Together they can create the conditions that can thrill audiences everywhere, nurture talent wherever it is found, and allow our artists, arts organisations, museums and libraries to flourish across the country.

This annual report is the second to cover our 2023-26 National Portfolio, comprising nearly 1,000 organisations that show what excellence and access working in harmony can bring to communities across England. There is a limit to the number of examples of brilliant work we can highlight in a single annual report. I therefore want to thank all the individuals and organisations we invest in, and work with, who bring outstanding performances and exhibitions to audiences living across England every single day.

The reach of that work is clear from the insights gained from our audience data platform **Illuminate**, which published its first findings this year. These show that more than 73 million people attended over 84,000 events put on by the arts organisations, museums and libraries we invested in during 2023/24. To put those numbers into perspective, it is the equivalent of filling Old Trafford, the largest Premier League football ground, a total of 984 times. Data from **Illuminate** also indicates that our National Portfolio Organisations presented events and activities in every local authority area of England throughout 2023/24. Our partnership with the Department for Culture, Media and Sport on the **Participation Survey** shows that more than nine out of 10 adults (91 per cent) engaged with the arts – for example by reading a book, playing a musical instrument, or attending a performance. Evidence, whether gathered through **Illuminate**, the **Participation Survey**, or our other data sources and research, helps to build a strong case for public investment in arts and culture and shows the enjoyment people gain from the creative activities and cultural experiences that funding helps to provide.

This year has seen us look back at the measures for success set out in our **Delivery Plan 2021-24**. I am pleased to say that despite the challenges during that period, whether from the effects of the global pandemic, cost-of-living crisis or the pressures on local government finances, tangible progress was made. The review of the **Delivery Plan** highlighted, among other things, that in its first year the new National Portfolio generated £2 billion of income and that 850 organisations have expressed an interest in All In – our new access scheme for disabled people which began its pilot in Leeds at the start of 2025. I am pleased to say the number of organisations expressing an interest in All In has since risen to 1050. It also showed the breadth of our commitment to international working. This included our support for

> The new National Portfolio generated £2 billion of income and that 850 organisations have expressed an interest in All In – our new access scheme for disabled people which began its pilot in Leeds at the start of 2025. It also showed the breadth of our commitment to international working.

WOMEX, the World Music Expo, held in Manchester in 2024, the annual Future Arts and Culture showcase at South by Southwest in Austin, Texas, curated by British Underground, and a pavilion curated by Shape at the Venice Biennale last year.

The new **Delivery Plan** sets out how we will strive to make the ambition of **Let's Create** a reality, as well as how the Arts Council's strategy and work aligns with the five missions of the new Government. There is much across all five of those missions that is reflected in our own role and work as the champion, advocate and development agency for creativity and culture in England. The Arts Council believes that this is particularly true in the areas of economic growth and in breaking down the barriers to opportunities. Our cultural and creative sector is one of our country's economic success stories. Its continued vitality is essential to the Government's plans to kickstart economic growth and it is also crucial to our soft power as a nation in an increasingly uncertain world. The vibrance of our sector can only be maintained if it is able to draw on talent wherever it exists. The opportunity for everyone to experience outstanding creativity and culture from their early years is essential if we are to inspire the next generation of artists, performers, curators, technicians and audiences.

This is not a novel principle. It is an indelible part of our history, and it must continue to guide our ambitions for the future.

Sir Nicholas Serota CH
Chair, Arts Council England

Chief Executive's report

In these pages we celebrate just a fraction of the many creative successes that Arts Council England investment plays a part in bringing to life. However, the positive outcomes of this investment of public money do not happen effortlessly or automatically. Our cultural sector continues to experience huge challenges on a local, national and international scale. Many of the achievements we celebrate here defy the odds. They are the product of extraordinary dedication, resilience and sheer hard graft by two groups of people: the creative professionals who make, curate and perform across England, and those who work behind the scenes in leadership, technical and support roles in our cultural organisations, ensuring that they continue to excel every day. These are not easy jobs. We owe all who undertake them an immense debt of gratitude.

Over the past ten years, as I have travelled the length and breadth of England, I have come to know and understand how our creative ecology works, and I believe we are on the way to realising a vision in which everyone everywhere can have equal access to the best performances, exhibitions and artistic events close to where they live. This belief is at the very heart of Arts Council England's 10-year strategy **Let's Create**.

As we mark the halfway point of the strategy, it is important to pause to recognise the immense amount that has been achieved so far by our artists, arts organisations, museums and libraries. But our collective job here is not yet done. I have seen and heard for myself the scale of ambition of the creative professionals with whom we work every day. Despite financial and societal challenges, they have a hunger to do more. By nature, they are future facing, embracing a sense of what is possible and what more might be achieved. And they do this not in service of themselves, but in service of the audiences and communities with whom they work.

Across England I have visited exciting new venues, many of which have been helped into being through major capital investments made by Arts Council England and using taxpayers' and National Lottery funds: among them, Storyhouse – the library, theatre and cinema in Chester; Shakespeare North Playhouse – a theatre that has sparked regeneration in the centre of Prescot; the Fire Station – fast becoming the must-visit music venue in Sunderland; and The Box – the gallery, archive and museum in Plymouth.

I've seen works of ambition and innovation: from exhibitions of new art at Nottingham Contemporary to the technology embraced by the creative community at Pervasive Media Studio at Watershed in Bristol; from work presented by young people at Burnley Youth Theatre to the terrific writing, acting and production values of *The Children's Inquiry*, created by Helen Monks and Matt Woodhead from the wonderful Barnsley-based Lung Theatre.

Everywhere you go in England, you will find brilliant art breaking out in unexpected places,

with traditional art forms being presented in daring and innovative ways by highly creative professional performers, producers and directors.

Take opera as an example: I was at Leeds Grand Theatre for Opera North's stunning production of Mozart's *Magic Flute*. It was an utterly magnificent occasion. New generations of audiences are discovering opera presented at this scale, with our major opera companies continuing to create and innovate across England with new commissions and new versions of much-loved favourites. I absolutely loved an intimate performance, just as artistically excellent but much smaller in size, of Wagner's *The Flying Dutchman* at the Invisible Wind Factory in Liverpool, produced by Southampton-based OperaUpClose in partnership with musicians from Manchester Camerata. I caught an excellent performance of *Windrush: The Journey* playing to an extremely appreciative audience at the Bristol Beacon. Showcasing a rich tapestry of music and storytelling, and celebrating Black classical composers of the past, present and future, the production was created by Pegasus Opera Company, whose mission specifically champions under-represented voices in opera.

And who could have failed to have been completely blown away by Birmingham Opera Company performing Tippett's dystopian *New Year* with the City of Birmingham Symphony Orchestra, conducted by Alpesh Chauhan in a big top pitched on a car park in Birmingham city centre? The audience was free to move around the tent during the performance, with the action happening all around us. Truly, this was Birmingham Opera Company living up to the creative ideals of its founder, the late Sir Graham Vick, and to its tagline: 'Not what you expect from opera'.

This year has also seen the announcement of a raft of new plans for English National Opera's move to Manchester. At a special event at Manchester Metropolitan University to preview what's to come over the next couple of years, I was struck by the warmth of the welcome for ENO and a palpable sense of excitement from audiences, artists and cultural leaders that the company is to be based in the city. There were heartfelt speeches from the Greater Manchester mayor Andy Burnham, the leader of Manchester City Council Bev Craig, the mayor of Salford Paul Dennett and the vice-chancellor of Manchester Metropolitan University Malcolm Press.

ENO's chief executive Jenny Mollica and Artistic Director Annilese Miskimmon both spoke inspiringly of their plans. At their heart: the thrilling prospect of opera performances to come at Aviva Studios, the Lowry and the Bridgewater Hall. Excellent and innovative work on stage is central to all our great performing companies such as ENO, but the ambitions of Jenny Mollica and Annilese Miskimmon are not limited to the stage. Their vision embraces the people of Greater Manchester in everything they do. ENO's creative, education and community partners include Factory International, Improbable, Walk the Plank, the Halle Orchestra, the BBC Philharmonic Orchestra, the Royal Northern College of Music, Greater Manchester and Blackburn with Darwen Music Hub, the University of Manchester and NHS Greater Manchester. The plans and programme announced by ENO are truly electrifying, in scale, scope and ambition. It's thrilling to anticipate this innovative, exceptional work being staged in Manchester

“
In the past year, it has been gratifying to see for myself visible evidence of the positive effect of this investment in places as far apart as Ashfield, Barrow in Furness, Crawley, Enfield, Gosport, Great Yarmouth, Grimsby, Mansfield, Portsmouth, Rochdale, Rotherham, the Tees Valley, Wigan and Wolverhampton.
”

– and to know that this work will reach out to touch audiences around the world. It's exciting to see how Arts Council England's investment in ENO will benefit audiences not only in the cities of Manchester and Salford – but also in the surrounding towns. This is nothing less than the people of Greater Manchester deserve.

The best of innovation and the best of tradition thrive alongside each other in a consistent celebration of all that is best about our national culture, whether that's the newly opened Hopetown Museum celebrating 200 years of the railway In Darlington; the remarkable BBC Proms concerts in consecutive years by the Aurora Orchestra conducted by Nicholas Collon, when the musicians performed Stravinsky's *Rite of Spring* and Beethoven's Ninth Symphony completely from memory; James Graham's powerfully devastating play *Punch* directed by Adam Penford at Nottingham Playhouse; the internationally successful *Black Sabbath – The Ballet* commissioned by Carlos Acosta at Birmingham Royal Ballet; or Indhu Rubasingham's newly announced opening season in the first year of her tenure as director and co-chief executive of the National Theatre.

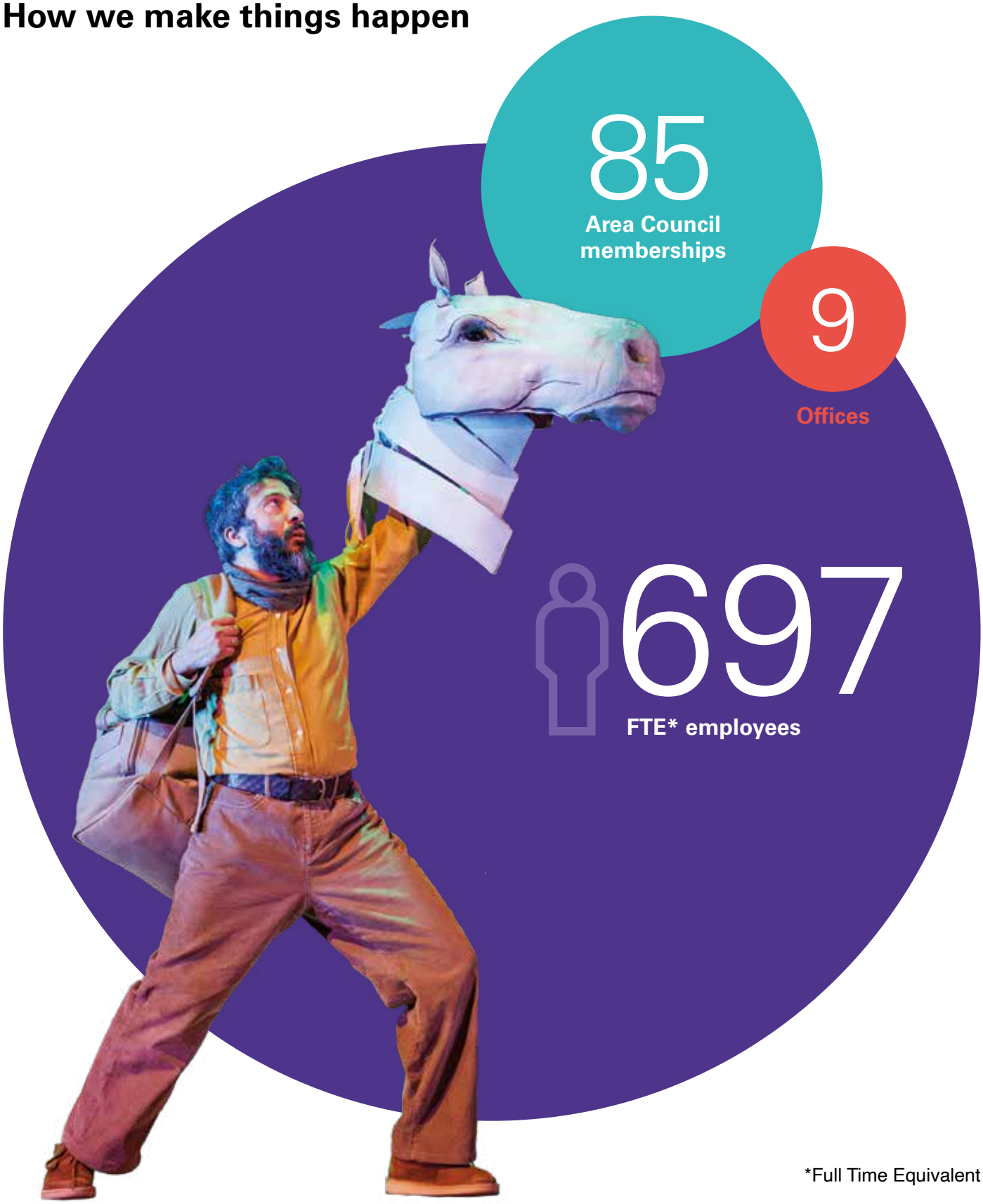
Over recent years, we have focused a significant investment in artists, arts organisations, museums and libraries in 54 priority places around the country. These were places where cultural investment has previously not been at a high enough level. In the past year, it has been gratifying to see for myself visible evidence of the positive effect of this investment in places as far apart as Ashfield, Barrow in Furness, Crawley, Enfield, Gosport, Great Yarmouth, Grimsby, Mansfield, Portsmouth, Rochdale, Rotherham, the Tees Valley, Wigan and Wolverhampton. The benefits for people living in these towns and cities is evident with a renewed cultural infrastructure and a growth in the number of high-quality artistic and cultural happenings on their doorsteps. Our Creative People and Places projects successfully operate in many of our priority places. We continue to learn so much from the co-curated model of creativity that is central to each of these projects. The positive effect of professional artists, performers and curators working in surprising new ways in local neighbourhoods is clear to see.

Added together, our National Portfolio Organisations, our Creative People and Places projects, and the individual artists and organisations funded through National Lottery Project Grants make up a wonderfully interconnected cultural ecology that extends across our villages, towns and cities. And, separately, each of them also shows the value of public investment in culture and creativity. It is this investment of public funds that enables our artists, performers, writers, directors, producers and curators to imagine and invent, to innovate and originate, to design and build. We forget the value and impact of that investment at our peril.

Dr Darren Henley CBE
Chief Executive, Arts Council England

Our organisation

How we make things happen



*Full Time Equivalent

Our Employees

Over the last 5 years, the number of Disabled staff **has increased** from

7.0% to 16.6%

Voluntary leaver rate in 2024/25

6.2%

Investors in People (IIP) awarded Arts Council England the **Gold Standard**

81.2%
of respondents in Our Investors in People staff survey agreed that **Arts Council England is a great place to work**

91.9%
agreed it has a **positive impact on society**

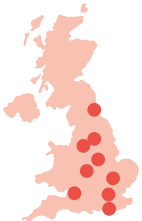
National & Area Council memberships

5 Area Councils
Covering North, Midlands, South West, London and South East

70 Area Council Members
Aross these five areas

15
National Council members

Successfully completed the relocation of our largest office (Manchester) into a **smaller, greener, better-quality space**

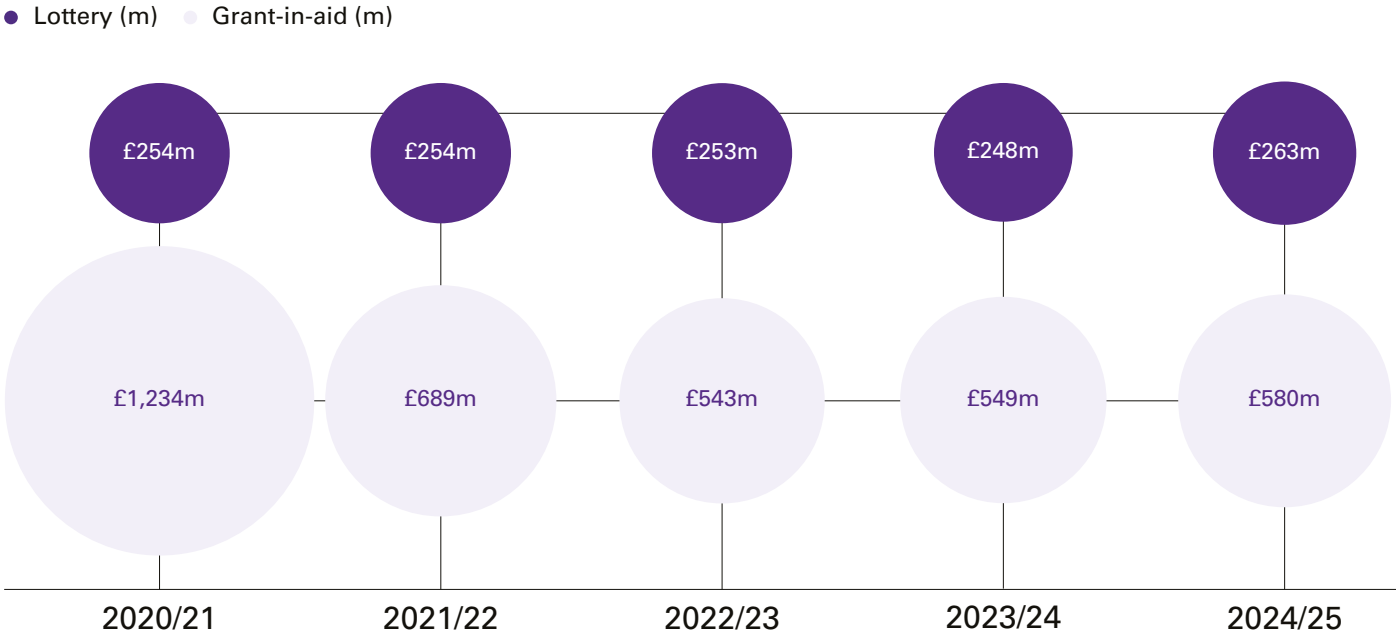


Majority of workforce located outside of London and the South East, and we maintain a meaningful local presence in regional centres in England

Office utilisation efficiency has improved from 5.71m^2 to **4.8m^2** space per FTE as a result of space rationalisation

Our key numbers for 2024/25

Our total income (£m)



Our expenditure 2024/25 (£m)

£350m
National Portfolio Organisations

£113m
Arts Council National Lottery Project Grants

£101m
Music Education Hubs

£57m
Other Restricted

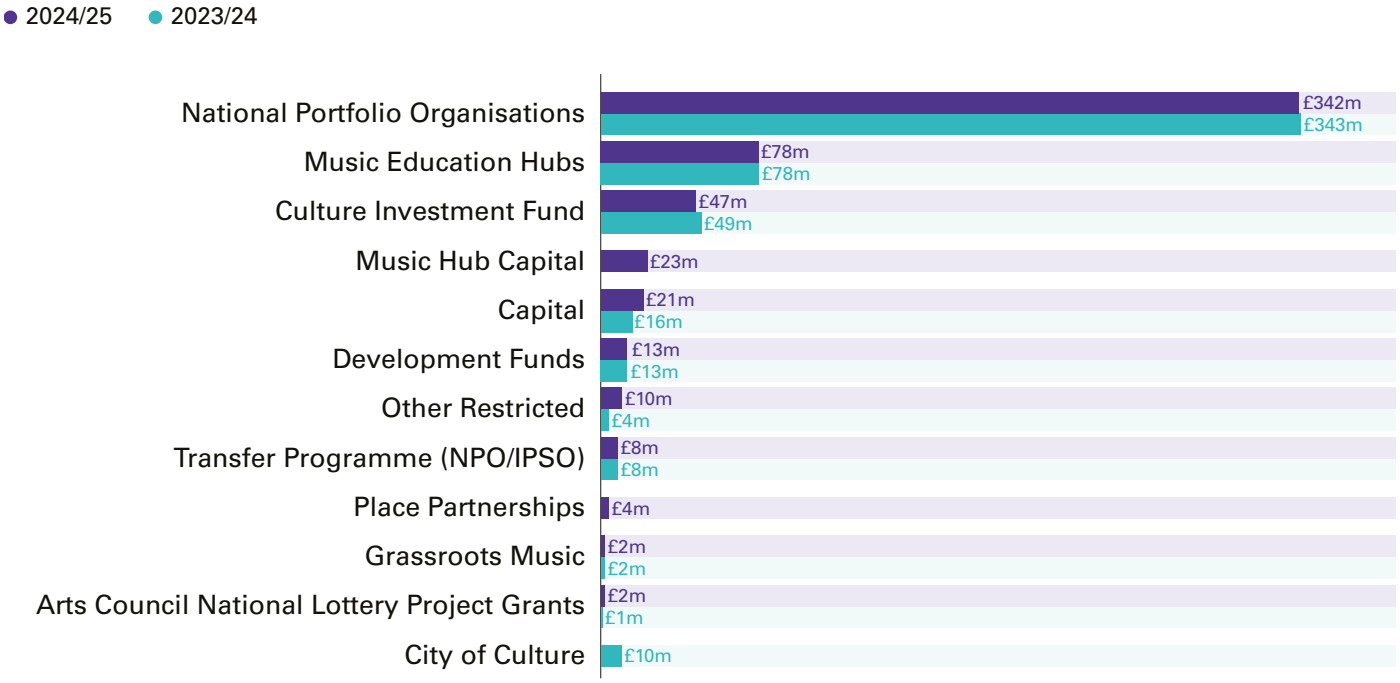
£42m
Development Funds

£21m
Capital

Grant-in-Aid expenditure

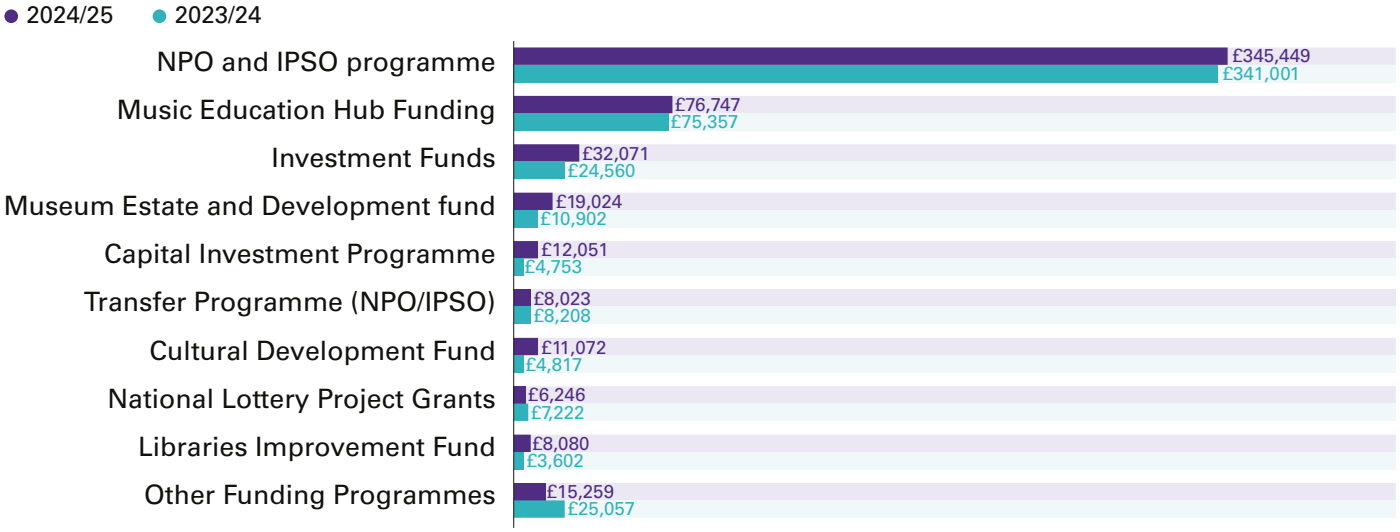
Grant-in-Aid awards made by Arts Council England during 2024/25 were as follows:

Grant-in-Aid expenditure (£m)

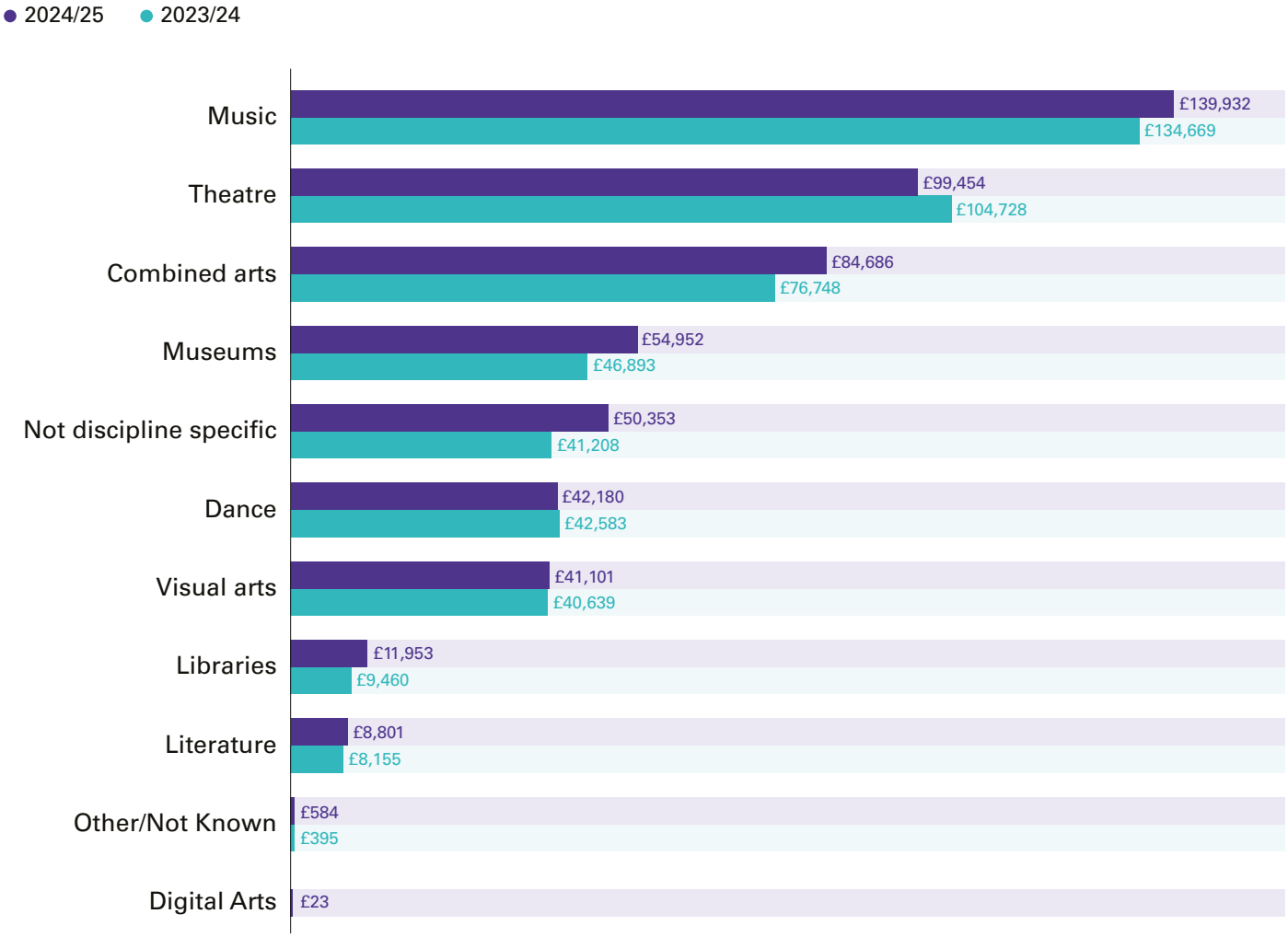


The above graph shows the value of Grant-in-Aid grants awarded during 2023/24 and 2024/25. In terms of cash paid out our figures are as follows:

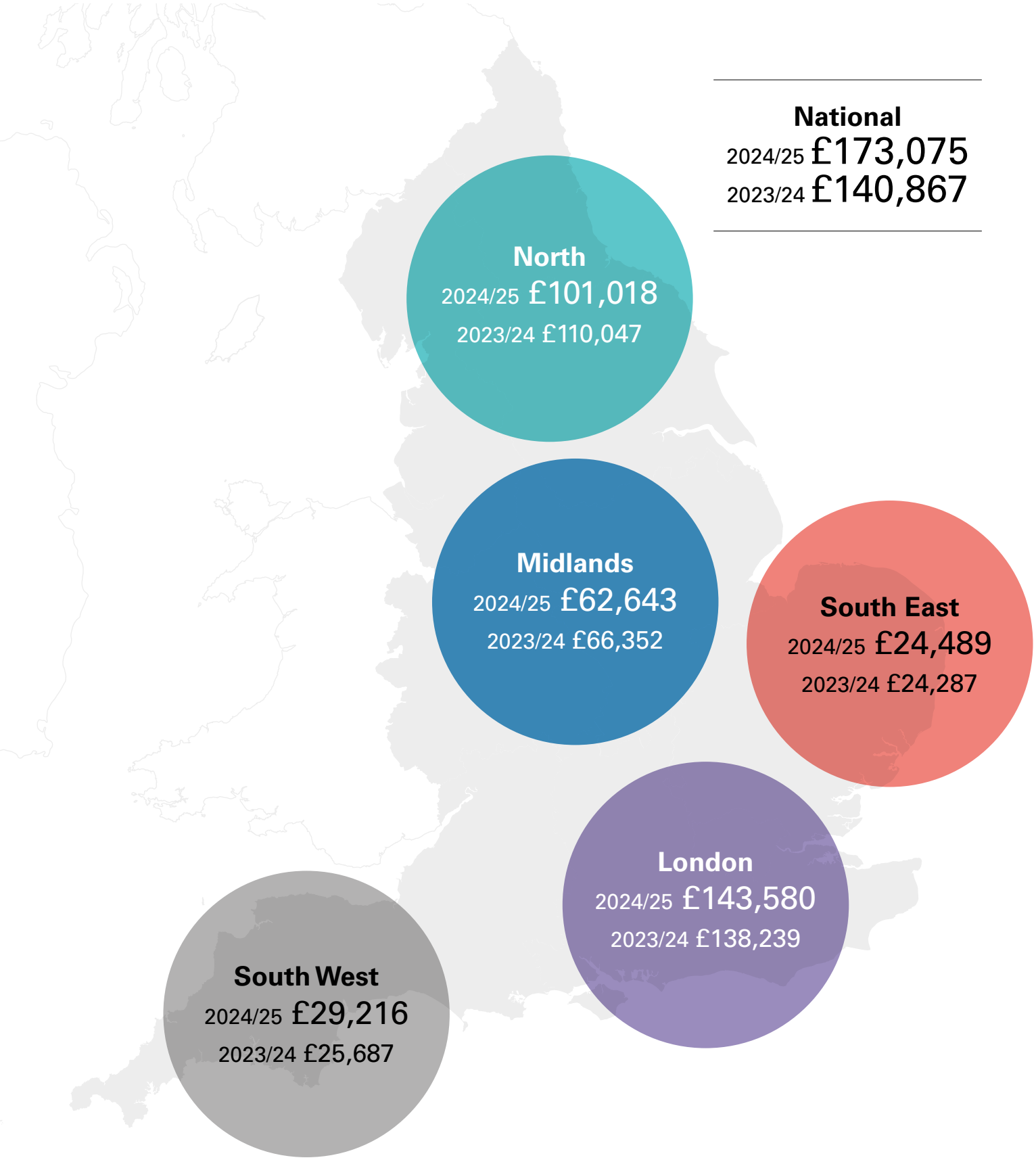
Cash paid out by Funding programme (£'000s)



Grant-in-Aid cash paid out by Artform (£'000s)



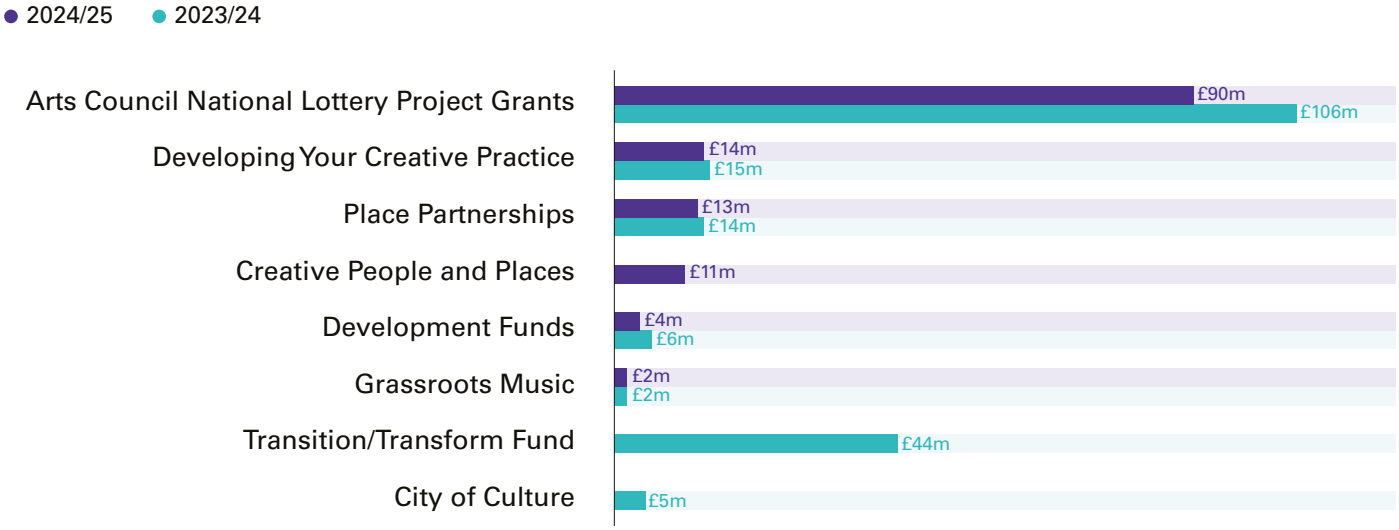
Grant-in-Aid cash paid out by Area (£'000s)



National Lottery expenditure

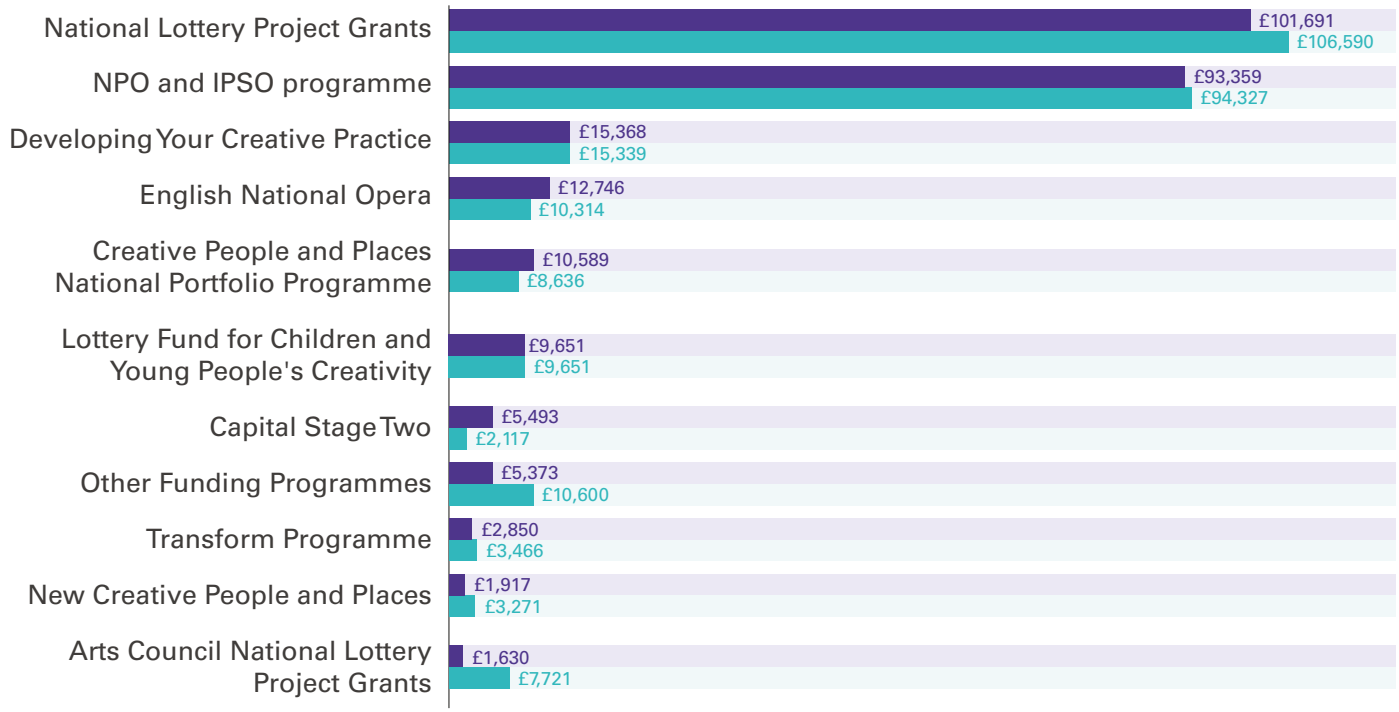
Lottery grants made by Arts Council England during 2024/25 were as follows:

Lottery Grants expenditure (£m)



In terms of cash paid out our figures are as follows:

Lottery cash paid by programme (£m)



Lottery cash paid out by Project Discipline (£'000s)

Music

2024/25	2023/24
£56,511	£53,032

Theatre

2024/25	2023/24
£48,273	£54,774

Combined Arts

2024/25	2023/24
£48,482	£51,606

Visual Arts

2024/25	2023/24
£30,725	£34,554

Dance

2024/25	2023/24
£20,257	£21,761

Not Discipline Specific

2024/25	2023/24
£19,125	£19,079

Literature

2024/25	2023/24
£18,078	£19,322

Museums

2024/25	2023/24
£13,525	£14,216

Libraries

2024/25	2023/24
£4,387	£3,206

Digital Arts

2024/25	2023/24
£969	-

Lottery cash paid out by Area (£'000s)

UK-wide

2024/25	£67,088
2023/24	£67,433

London

2024/25	£35,246
2023/24	£39,397

Midlands

2024/25	£36,025
2023/24	£36,626

North

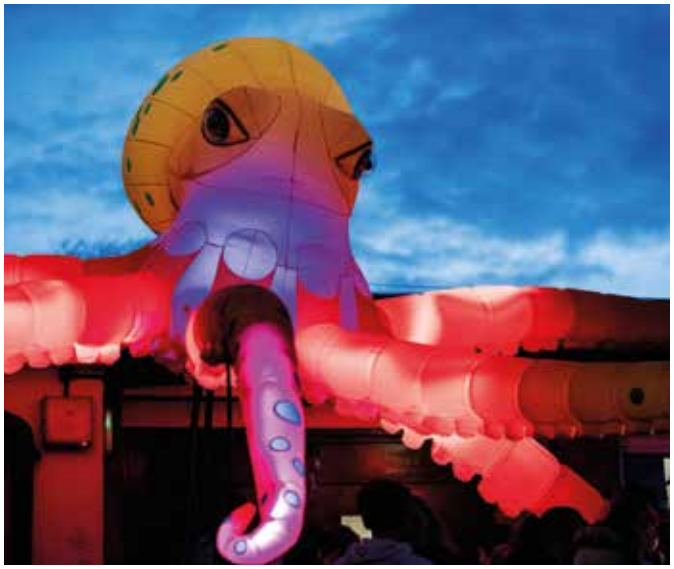
2024/25	£53,643
2023/24	£54,880

South East

2024/25	£44,529
2023/24	£45,548

South West

2024/25	£24,136
2023/24	£28,149



Performance report

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Performance report

Performance Overview

This **Performance Overview** outlines our aims, activities and how we performed during the year. It also outlines the key risks to our objectives and signposts where to find information on our future plans. It is followed by a **Performance Analysis** which highlights progress made towards our strategic outcomes and our Government-set Key Performance Indicators.

Objectives

— **Our purpose:** Arts Council England is the national development agency for creativity and culture. In 2020, we set out our 10-year strategic vision in **Let's Create**.

— **Our vision:** By 2030, we want England to be a country in which the creativity of each of us is valued and given the chance to flourish, and where every one of us has access to a remarkable range of high-quality cultural experiences. We invest public money from the Government and the National Lottery to help support the sector and to deliver this vision.

— **Our strategic Outcomes:**

- **Creative People:** Everyone can develop and express creativity throughout their life
- **Cultural Communities:** Villages, towns and cities thrive through a collaborative approach to culture
- **A Creative & Cultural Country:** England's cultural sector is innovative, collaborative and international

In 2024/25 we published our **Delivery Plan 2024-27** which sets out the steps we will take to deliver our 10-year strategy **Let's Create** over this three-year period. Our **Delivery Plans** are refreshed annually. Further information on our 10-year strategy and how we are structured is available from our website.

Our performance

This performance report highlights some of our work from 2024/25 where our investments, development work and other activity have directly enabled creativity and culture to flourish across the country.

Our work in 2024/25 is reported under the following headings:

— Our Investment Programme

— Supporting Collections and Cultural Property

— Advocacy for the Creative and Cultural Sector

— Data, Research and Insights

— Reflecting on change – delivering the Government's missions and our transformation highlights

— Overview of key challenges, key risks and future uncertainties

— Our 100 highest funded organisations

— A look at Bradford 2025: UK City of Culture

— Performance Analysis: delivering against **Let's Create**

Delivering our investment programmes in 2024/25

Number of grant applications processed

2024/25
(16,541 in 2023/24)[1]

Grants awarded[2]

2024/25
(4,875 grants in 2023/24)

Total number of organisations in receipt of Arts Council England funding in 2024/25

2024/25
(2,942 in 2023/24)

Number of queries dealt with by Customer Services through calls, emails and live chats

2024/25
(149,325 in 2023/24)

Number of requests from applicants for Access Support

2024/25
(3,175 in 2023/24)

Percentage spent on administration as a percentage of total turnover

2024/25
(5.1% in 2023/24)

[1] Application/funding figures for 2023/24 in this Performance Section differ slightly from figures for the same period published in the 2023/24 Annual Report and Accounts due to withdrawn applications or funding agreement changes. Figures are based on decision year.
[2] Some organisations received funding across multiple projects in different funding programmes during these funding years. Figures are based on decision year.

We have six main funding streams which make up our investment programme:

The Arts Council's National Portfolio investments provide regular support to outstanding arts organisations, museums and libraries across England

2024/25 was the second year of the Arts Council's 2023-26 portfolio, a combined investment of over **£450 million** per year. National Portfolio Organisations, such as the Royal Shakespeare Company, Booktrust, and Norfolk Museums Service, play a vital role in delivering our three strategic Outcomes, and the Government's priorities for the Arts Council. Our Investment Principles Support Organisations, like Brass Bands England and the Association of Independent Museums also play a central role in helping us deliver **Let's Create**. They support other organisations and individuals to become more ambitious, dynamic, environmentally responsible, more inclusive and relevant. Our five Arts Council Area teams continue to monitor the level of risk in the portfolio as a result of the challenging financial climate, making sure that we receive the best value for money for our investment.

- Our **985** National Portfolio Organisations delivered activities in **every local authority area** in the country

National Lottery Project Grants programme: individuals and organisations can apply at any time for support for their creative and cultural projects

National Lottery Project Grants is our open-access funding programme for arts, museums and libraries projects. It supports a wide range of individuals and organisations, professional companies, and non-professional groups to undertake projects ranging from small-scale research and development through to large national tours. We also use National Lottery Project Grants to provide a universal offer to support our place-based ambitions across England.

In 2024/25 we awarded **over £113 million** of National Lottery funds through this programme i nto **2,744** creative projects spanning all our disciplines, which reached audiences, participants, visitors and readers across the country. Demand for the programme remains high: in 2024/25 we received **9,332** eligible applications from **4,490** individuals and **4,842** organisations, with a success rate of **29.4%**.[3]

- **2,744** Projects funded through National Lottery Project Grants
- **£41,401** Average grant amount
- **29.4%** Success rate

(3,078 funded projects, £40,316 average grant amount, and 36.6% success rate in 2023/24)

[3] Success rates (National Lottery Project Grants and Developing Your Creative Practice) only capture the numbers of applicants who have been able to make a full, eligible application.

Developing Your Creative Practice programme: supporting creative practitioners to develop their skills and experience

Our Developing your Creative Practice programme funds the development of independent creative and cultural practitioners to take the next step in their practice. We continue to see a very high demand for Developing your Creative Practice grants. In 2024/25 we received **7,360** applications with **1,220** individuals receiving grants totalling **£14.2 million**, a success rate of **17.2%**.

- **1,220** Artists/creatives that received Developing Your Creative Practice awards
- **£11,649** Average grant award
- **17.2%** Success rate

(1,274 awards, £11,416 average grant award and 20.9% success rate in 2023/24)

Music Hubs programme which we manage on behalf of the Department for Education (DfE), working in partnership to deliver high-quality music education for all children and young people in and outside of schools

Following the competitive investment process we ran during the 2023-24 academic year, our 43 new Music Hubs began delivering high-quality music education in every part of England in September 2024. We made changes to the way we work this year and focussed on development and collaboration with the Hubs. We co-designed and published a refreshed Performance Framework with Music Hub leaders, learning and responding to feedback. It builds a greater shared understanding of the Music Hub network's performance, shows the impact of the Department for Education's investment, and articulates Music Hubs' individual and collective strengths across the country.

Capital Investment Programme: providing investment to England's cultural estate

We delivered three programmes with the Department for Culture, Media & Sport in partnership with Historic England and the National Lottery Heritage Fund in 2024/25. The Cultural Investment Fund (a package of three funds made up of the Cultural Development Fund, Museum Estate and Development Fund and Libraries Improvement Fund) invested **£41 million** of vital capital funding for museums, libraries and arts organisations in 2024/25[4]. We supported 33 cultural organisations to adjust buildings and equipment so they can operate safely post-pandemic, improve access, take up digital opportunities, and reduce environmental impact. The funding benefitted museums across the country, including investment which will allow urgent structural work to Tamworth Castle making sure it remains safe to the public, and funds to restore the Great Engine House at London Museum of Water and Steam. In 2024/25 the programme included:

Museum Estate and Development Fund (round 4)	**£24.8 million** investment for 29 local museums across England
Cultural Development Fund (round 4)	**£16.2 million** for four cultural projects in England

[4] Round 3 of the Libraries Improvement Fund was included in Arts Council England's 2023/24 Annual Report and Accounts. Round 4 will be reported on in 2025/26.

Supporting collections and cultural property

We want as many people as possible to be able to enjoy the important cultural items and collections our museums offer. On behalf of the Department for Digital, Culture, Media & Sport we administer the export licensing scheme for cultural goods – the Government Indemnity Scheme which provides fee-free cover for loss or damage for loans, and the Acceptance in Lieu and Cultural Gift Schemes which enables individuals to donate important cultural, scientific or historic objects and archives to the nation in lieu of tax[5].

- **5,360** Export Licence Applications Processed (5,207 in 2023/24)
- **757 Indemnities (26,433 items)**
  Issued through ACE-administered Government Indemnity Scheme (754 Indemnities and 37,500 items in 2023/24)
- **31** Acceptance in Lieu cases completed in 2024/25
- **22** Cultural Gift Scheme cases received in 2024/25[6]

Each year we publish a report on the on the Cultural Gifts and Acceptance in Lieu schemes, which details the cases accepted for the nation in that financial year. The annual reports are available on our website here.

We continue to invest in museum development. Our major-funded partnership **Museum Development Programme** supported over 1,300 museums to survive and thrive as vital community assets through workforce development, small grants, brokering and networking, data and advocacy. Our specialist national Museum Development Programme roles within Arts Council England amplified its value as business-to-business development support for museums across the country. Read more about our Museum Development work on page 49.

[5] Arts Council England administers the Government Indemnity Scheme on behalf of the Department for Media, Culture & Sport and the relevant assets and liabilities are not recognised in the Arts Council's financial statements.
[6] Methodology for recording Acceptance in Lieu cases and Cultural Gift Scheme cases has changed for 2024/25 therefore these numbers should not be directly compared with previous Annual Report and Accounts.

Our advocacy work raising issues affecting the creative and cultural sector

A key part of the Arts Council's role is its advocacy to Government, local and mayoral combined authorities, and other key partners at a national and local level highlighting the importance of creativity and culture to people, places and economic growth.

In 2024/25 we have continued to make the case for public funding for Arts and Culture in the Autumn 2024 Budget and as part of the 2025 Comprehensive Spending Review. Highlights of our advocacy work in 2024/25 include:

- Working with the **Department for Culture, Media & Sport** on the business case for a funding package which will boost growth and opportunity, benefitting arts venues, museums, libraries and arts organisations across the country. The result is an additional **£139 million** for the sector. The Arts Council will administer three new funds: the Creative Foundations Fund (£85 million), Museum Renewal Fund (£20 million), and four cultural education programmes (£3.2 million). Investment in two returning funds was also announced: round 5 of the Museum Estate and Development Fund (£25 million) and round 4 of the Libraries Improvement Fund (£5.5 million). Delivery of these programmes will form a key part of our work in 2025/26.
- Working with the **Local Government Association** to deliver a multi-faceted Leadership Improvement Programme, supporting over a hundred cultural leaders in councils to champion and deliver the vital cultural services in their places. Leaders across England have built their networks and developed confidence as a result of this programme, which the Arts Council will continue to support. Area teams work closely with Local Authorities to build resilience against risk and develop area-specific opportunities.
- Working with the **Department for Business and Trade** over the impact of the Subsidy Control requirements on the arts and culture sector.

Data, Research and Insights

We have continued to gather data, evidence and carry out research into the challenges and opportunities for our sector. Our research combined with our expertise in the arts, museums and libraries, and the intelligence we gain from our national and local presence means we can design programmes and interventions to help the sector to address key opportunities and risks. We are also able to share those insights with the Government, the sector and our other stakeholders to inform their own policies and approaches.

In 2024/25 we:

- Collected robust data in all 296 Local Authorities for the first time in our Participation Survey in partnership with the Department for Culture, Media & Sport – giving us meaningful data about adults' engagement with culture across England.
- Published the findings of the Cultural Freelancers Study 2024, learning from over 5,000 freelancers about the current challenges and opportunities experienced by creative and cultural practitioners in England.
- Reflected on the progress made during our **Delivery Plan 2021-24**, in particular the breadth and depth of the cultural sector's achievements in a very challenging period which included pandemic recovery, the first year of our 2023-26 Investment Portfolio, and a cost-of-living crisis.
- In partnership with youth theatre organisations, commissioned the Youth Theatre Census which showed how youth theatres meet the complex challenges that young people feel today. Youth theatre provides a space for creativity, self-expression and wellbeing for young people and serves as an important gateway into professional theatre.
- Commissioned and published research with the Bookseller's Association about the activities offered by independent bookshops in their communities (often in partnership with libraries) – ranging from author talks, festivals, schools programmes, arts and crafts events, hosting reading or poetry groups and touring writers.
- Published an Equality, Diversity and Inclusion Review for 2018-23. 2025 marked ten years since we began publishing annual reports on equality, diversity and inclusion – and the reflection we published looked back on our 2018-23 National Portfolio. See more about the changes we've seen in the workforce of our regularly funded organisations on page 52.
- We continued to publish the Libraries Location Data set (previously known as Basic Dataset) which is intended to capture permanent instances of libraries, local history libraries, archives, and mobile libraries. The data gives a national overview of the number of libraries and archives within local authorities in England, and some basic information about them.
- We worked with our partners in sector support organisations (The British Library, CILIP, Local Government Association, Community Managed libraries Network, the ASCEL – Association of Senior Children's and Educational Librarians, and Libraries Connected) to produce a survey which collected activity data such as issue figures, visitor figures and computer usage to provide data that would be useful locally, regionally and nationally.

Reflecting on change in 2024/25

One of the most significant changes for the Arts Council as a public body has been the election of a new Government in July 2024. Here we reflect on some of the impacts of the change in Government for the Arts Council, and the improvements we are making as an organisation as part of our transformation programme.

Delivering against the Government's missions

- The new Government set out five clear missions and a Plan for Change. There is strong alignment between our strategy **Let's Create** and the Government's five national missions, which collectively seek to develop a country in which growth and opportunity are evenly distributed and accessible to all, regardless of geography or social class. We believe that the wider cultural sector is already playing an important role in advancing these missions and realising the Government's ambitions for this country's creative and cultural industries – and that it has the potential to go even further. Within a difficult fiscal context, investment in creativity and culture can play a vital role in producing a strong return across the missions. More about how we are supporting the five missions is included in our **Delivery Plan 2024-27**.
- The Autumn Budget Statement provided clarity on our grant-in-aid budgets for 2024/25 and 2025/26. It also delivered positive news for our sector, particularly around the extremely welcome confirmation of cultural tax reliefs at their higher levels, and the announcement of a package of infrastructure funding (see page 27). The Government has announced a 'zero-based' Spending Review for the period for 2026-2029 and we are working closely with the Department for Culture, Media & Sport over their submission to the HMT Spending Review for Arts and Culture.

Highlights from our Transformation work 2024/25:

In our ten-year strategy **Let's Create**, we committed to making key changes to the way we work. This section highlights some of the innovations we introduced in 2024/25:

- We launched a £5 million pilot **Incentivising Touring scheme** to help theatre and dance productions to tour across England. These productions would otherwise be considered too great a financial risk for commercial investors in the current climate but can demonstrate the potential to generate a financial return with our investment. Producing, touring and presenting high-quality work on a big scale relies on an interdependent ecology of commercial, independent and publicly funded organisations, and we co-designed this pilot with representatives from across the industry.
- In **Let's Create** we committed to collecting and using data dynamically and responsibly and said that we would make the data and research we collect available to everyone. Our interactive Culture & Place Data Explorer launched, mapping our investment in culture and creativity across England and shows where our funding reaches, and where opportunities to improve access and engagement are. We also launched Illuminate – our platform to collect and help analyse data about creative activities, cultural experiences, and the makeup of audiences. It shows the sort of things our investment makes happen – such as theatre shows, gigs, talks, craft activities and all sorts of other events – as well as where they happen, and who goes or takes part. The data we collected and published in 2024/25 came from **278,000** audience members and is helping the sector understand their audiences better, share their own impact, and build a stronger case for investment in artists, arts organisations, museums and libraries.
- We launched a new digital portal to apply for and issue **export licences** for works

of art and objects of cultural interest. The portal is simple and easy to use and was designed in consultation with users. Since launching in August we have processed over 3,800 applications and issued over 3,500 licences through it. The new portal replaces the need for paper licences to be posted out and hosts the entire process in one digital space from application through review to the final decision, making a better experience for exporters and expert advisers who assess the applications. The digital system's development was supported by the Department for Culture, Media & Sport and is run by the Arts Council on behalf of the UK Government.

- As part of the design of our next National Portfolio Investment Process we have been considering how we can simplify and improve the way we work with National Portfolio Organisations. As a next step will be testing these proposals with National Portfolio Organisations in 2025-26 with a view to rolling them out to the whole portfolio from 1 April 2026.
- Our vision is to place environmental responsibility at the heart of all we do. This year we produced our first Net Zero Transition Plan, pledged net zero by 2040 and reviewed our Environmental Responsibility Policy to align with updated government intermediary targets. Read more about this in the Sustainability Section (page 83).

Overview of challenges faced in 2024/25:

The main external challenge we faced this year was the continued financial precarity of the sectors we support. The cumulative impact of the last few years – the combination of post-pandemic uncertainty around audience behaviour, pressures on local authority budgets, and inflationary price rises across the board – has placed real strain on practitioners and organisations. This has meant that:

- We have needed to spend more time monitoring the level of risk in the investment portfolio. Given the difficult fiscal environment, particularly for local authorities, we are being as flexible as we can around changes to our funding agreements with them.
- We are seeing increasing demand for Arts Council funding due to financial precarity in the sector and reduction in sources of funding. This increase in demand is placing pressure on our staffing capacity and resources. We can see this in the increase in demand for National Lottery Project Grants and Developing Your Creative Practice programmes over the past three years:

Number of applications processed:

	National Lottery Project Grants		Developing Your Creative Practice	
2022/23	8,791	**24.3%** increase	6,677	**10.2%** increase
2023/24	9,636		6,305	
2024/25	10,931		7,360	

Amount requested:

	National Lottery Project Grants		Developing Your Creative Practice	
2022/23	£232,753,941	**32.3%** increase in three years	£60,067,349	**33.1%** increase in three years
2023/24	£274,018,740		£67,282,964	
2024/25	£307,885,999		£80,333,859	

Key Risks and Future Uncertainties

The key risks and uncertainties the Arts Council is managing are:

- **Insufficient programme and administrative budget:** Our total income forecast indicates that programme funds have been and continue to be under pressure. Uncertainty around the outcome of the next Spending Review means that we will not be able to undertake medium term planning until later in 2025/26. We continue to demonstrate the impact of our investments on people, places and England's track record for high quality arts and culture and an innovative sector as part of our Spending Review submissions. In our Performance Analysis below we share examples of the impact of the innovative sector that we invest in (A Creative & Cultural Country, pages 42-52), the places and communities where people live (Cultural Communities, pages 53-59) and participating in creative activities (Creative People, pages 60-65).
- **Arts Council England Review:** The government has appointed Baroness Margaret Hodge to conduct an independent review of the Arts Council covering strategic objectives, working relationships and partnerships, and the relationship between Arts Council England and Government. We welcome the review and look forward to receiving its recommendations in 2025/26.
- **Responding to Climate Change:** Increasing impacts from adverse weather events, caused by climate change, are affecting the organisations and individuals we fund. This poses a risk to the delivery of **Let's Create** as audiences, visitors and communities may increasingly face barriers to accessing high-quality cultural experiences. As the national development agency for creativity and culture Arts Council England looks to support, guide and strengthen those that we fund, and the wider sector against the growing risk of climate change. See page 86 [sustainability] for more about the Taskforce for Climate-Related Disclosures.
- **Devolution may impact our ability to deliver Let's Create:** the English Devolution White Paper commits to increasing the number of strategic authorities as new regional tiers of government across England. At the time of publishing, it is unclear how devolution will affect the work of the Arts Council and the sector we support. Our five Area teams are working in collaboration with local government and mayoral combined authorities in their areas, and we are working closely with the Department for Culture, Media & Sport on approaches to devolution.

Further detail on the processes and governance structures we use to manage risk can be found on page 104.

Looking ahead

We look forward in 2025/26 to continue to deliver our strategy **Let's Create** alongside ministerial priorities following the Spending Review. We will review how we work in response to the English Devolution Legislation and deepen our collaboration with local communities and Mayoral Combined Authorities. We will continue supporting the Arts Council England Review and will respond speedily to the recommendations. We will continue with our modernisation programme which aims to drive innovation in the way in which we work and place the needs and views of citizens and our customers at the heart of everything we do. We will design a simpler programme for the next National Portfolio investment programme which is made up of nearly 1,000 organisations of all scales, artforms and in all areas of the country. Changes to our current grant portal are planned for 2025/26. Our plans for the future and 'Going Concern' statement are included in the Strategic Report section (page 130 strategic report).

Our investments

We invest money from Government and the National Lottery to support creativity and culture across England so that everyone, wherever they live, can lead a happy, healthy and creative life.

The 100 organisations we invested the most funding in 2024/25 were[7]:

	Name of organisation	Location of base	2024/25 received
1	Royal Ballet & Opera	Westminster	£24.12 million
2	National Theatre	Lambeth	£22.64 million
3	Southbank Centre	Lambeth	£21.07 million
4	Royal Shakespeare Company	Stratford-on-Avon	£15.26 million
5	English National Opera	Westminster	£12.75 million
6	Opera North Limited	Leeds	£10.04 million
7	The National Foundation for Youth Music	Southwark	£9.65 million
8	Factory International	Manchester	£9.41 million
9	Birmingham Royal Ballet	Birmingham	£8.17 million
10	English National Ballet	Tower Hamlets	£6.01 million
11	Bolton Music Service	Bolton	£5.87 million
12	BookTrust	Leeds	£5.77 million
13	Welsh National Opera	Cardiff	£5.56 million
14	English Touring Opera Ltd	Southwark	£4.26 million
15	North Music Trust	Gateshead	£3.71 million
16	Bradford Music & Arts Service	Bradford	£3.64 million
17	Tyne & Wear Archives & Museums	Newcastle upon Tyne	£3.55 million
18	Brighton Dome & Festival Limited	Brighton and Hove	£3.49 million
19	Kent Music	Maidstone	£3.33 million
20	Tullie House Museum and Art Gallery	Cumberland	£3.26 million
21	Essex Music Services	Chelmsford	£3.13 million
22	Baltic Flour Mills Visual Arts Trust	Gateshead	£3.04 million
23	Sadler's Wells	Islington	£2.99 million
24	Entrust Support Services	Stafford	£2.92 million

[7] This list shows the 100 organisations awarded the most funding in the 2024/25 financial year. These funding amounts may have been paid to these organisations across multiple projects across different funding programmes or may be for a single award. For multi-year funding programmes like National Portfolio Organisations, Music Hubs etc, the funding amount shown is the amount paid in 2024/25 only, not the full award amounts for those projects. The organisation totals in this list are made up of separate projects for both multiyear and non-multiyear funding programmes. For non multi-year projects, the entire award amount for projects with decisions made in 2024/25 goes toward this organisation total (irrespective of when the actual payments are scheduled / paid). For multiyear projects, the amount paid out in 2024/25 only is what goes toward this organisation total. These funding amounts may include all Arts Council England funding programmes; however, this list does not include the four Cultural Development Fund Round 4 projects that were awarded in 2024/25 (Harmony Works, Newcastle City Council Culture, North Somerset Council and Sunderland Culture). These four projects are not included because although they were awarded in 2024/25, the funding for these projects will be paid out in upcoming financial years on demand as drawn down by the applicants. The local authority included is based on the applicant's postcode.

	Name of organisation	Location of base	2024/25 received
25	WFMS (Waltham Forest Music Service)	Waltham Forest	£2.83 million
26	Services For Education Ltd	Birmingham	£2.81 million
27	Northern Ballet Limited	Leeds	£2.79 million
28	Norfolk Museums Service	Norwich	£2.73 million
29	London Museum of Water & Steam	Hounslow	£2.63 million
30	North Tyneside Music Education Hub	North Tyneside	£2.62 million
31	Royal Liverpool Philharmonic	Liverpool	£2.61 million
32	Bournemouth Symphony Orchestra	Bournemouth, Christchurch and Poole	£2.60 million
33	City of Birmingham Symphony orchestra	Birmingham	£2.59 million
34	Rambert	Lambeth	£2.57 million
35	Bletchley Park Trust	Milton Keynes	£2.45 million
36	Lancashire Music Service	Chorley	£2.40 million
37	Hertfordshire Music Service	Welwyn Hatfield	£2.40 million
38	Royal Exchange Theatre Company Ltd	Manchester	£2.37 million
39	Crafts Council	Islington	£2.33 million
40	Hampshire Music Service	Winchester	£2.31 million
41	Surrey Arts	Guildford	£2.30 million
42	Norfolk County Council	Norwich	£2.29 million
43	The Royal Borough of Kensington and Chelsea	Hammersmith and Fulham	£2.21 million
44	Hallé Concerts Society	Manchester	£2.12 million
45	Culture, Learning and Libraries (Midlands) – Nottinghamshire Music Hub	Nottingham	£2.10 million
46	SEL Music Education Ltd	Croydon	£2.08 million
47	York Museums Trust	York	£2.08 million
48	Southwest London Music	Merton	£2.05 million
49	Gloucestershire Music Education Hub	Gloucester	£2.04 million
50	Dudley Metropolitan Council – Dudley Performing Arts	Dudley	£2.04 million
51	Philharmonia Limited	Southwark	£2.03 million
52	Leeds Museums and Galleries	Leeds	£2.02 million
53	London Symphony Orchestra	City of London	£1.98 million

	Name of organisation	Location of base	2024/25 received
54	Wolverhampton City Council	Wolverhampton	£1.97 million
55	Nottingham City Museums and Galleries	Nottingham	£1.96 million
56	Leicester-Shire Schools Music Service	Blaby	£1.95 million
57	Leicester Theatre Trust Ltd	Leicester	£1.95 million
58	Bristol Music Trust	City of Bristol	£1.91 million
59	Derby & Derbyshire Music Partnership	Derbyshire Dales	£1.89 million
60	London Philharmonic Orchestra	Lambeth	£1.88 million
61	Birmingham Repertory Theatre	Birmingham	£1.87 million
62	Liverpool City Region Combined Authority	Liverpool	£1.85 million
63	Contemporary Dance Trust	Camden	£1.83 million
64	Coventry Music	Coventry	£1.81 million
65	TheSpace C.I.C.	Birmingham	£1.80 million
66	South Yorkshire Mayoral Combined Authority	Sheffield	£1.79 million
67	Haringey Music Service	Haringey	£1.78 million
68	Chichester Festival Theatre	Chichester	£1.77 million
69	Devon Music Education Hub	Mid Devon	£1.77 million
70	Manchester City Galleries	Manchester	£1.76 million
71	Berkshire Music Trust	Reading	£1.74 million
72	Buckinghamshire Music Trust	Buckinghamshire	£1.73 million
73	Tamworth Borough Council	Tamworth	£1.72 million
74	Colchester Borough Council	Colchester	£1.69 million
75	Liverpool & Merseyside Theatres Trust Ltd	Liverpool	£1.68 million
76	Future Arts Centres	Stockton-on-Tees	£1,66 million
77	Stoke on Trent & North Staffordshire Theatre Trust	Newcastle-under-Lyme	£1.65 million
78	Northern Stage (Theatrical Productions) Ltd	Newcastle upon Tyne	£1.59 million
79	Whitechapel Gallery	Tower Hamlets	£1.57 million
80	Leeds Theatre Trust Limited	Leeds	£1.54 million
81	Inspiring Music Education Hub	Central Bedfordshire	£1.54 million
82	Cambridgeshire Music	Huntingdonshire	£1.53 million
83	Northamptonshire Music and Performing Arts Trust	West Northamptonshire	£1.51 million
84	Hull Music Service	City of Kingston upon Hull	£1.51 million

	Name of organisation	Location of base	2024/25 received
85	Love Music Trust	Cheshire East	£1.50 million
86	BCP Council (Russell-Cotes Art Gallery and Museum)	Bournemouth, Christchurch and Poole	£1.50 million
87	FABRIC	Birmingham	£1.49 million
88	English Stage Company Limited	Kensington and Chelsea	£1.49 million
89	Britten Pears Arts	East Suffolk	£1.43 million
90	Young Vic Company	Lambeth	£1.42 million
91	Sheffield Theatres Trust Ltd	Sheffield	£1.41 million
92	Ironbridge Gorge Museum Trust	Telford and Wrekin	£1.41 million
93	Lincolnshire Music Service	Lincoln	£1.41 million
94	Museum of London	City of London	£1.41 million
95	Artswork	Southampton	£1.39 million
96	Unicorn Theatre London Ltd	Southwark	£1.39 million
97	Headlong Theatre Ltd	Southwark	£1.38 million
98	Nottingham Playhouse	Nottingham	£1.38 million
99	Nothe Fort	Dorset	£1.37 million
100	Bristol Museums	City of Bristol	£1.36 million

Bradford, and its surrounding towns and villages, are hosting almost 1,000 events as UK City of Culture in 2025. The programme includes performances, exhibitions and activities from artists, arts organisations, museums and libraries from Bradford, the UK and the rest of the world.

Bradford 2025 – UK City of Culture: inspirational, ambitious and exceptional creativity for all

Bradford 2025 is a celebration of the stories, creativity, energy and diversity of the people of Bradford, its dynamic contemporary arts and culture scene and its rich creative heritage. Bradford, and its surrounding towns and villages, are hosting almost 1,000 events as UK City of Culture in 2025. The programme includes performances, exhibitions and activities from artists, arts organisations, museums and libraries from Bradford, the UK and the rest of the world. We have worked closely over many years with City of Bradford Metropolitan District Council and partners in creative and cultural, community and other sectors to help shape and invest in a long-term vision for the city and its surrounding villages and towns.

Our commitment to Bradford 2025

Only through sustained public investment could Bradford 2025 become a reality

Complementing Arts Council England and UK Government investment is funding from City of Bradford Metropolitan District Council, National Lottery Heritage Fund, National Lottery Community Fund, West Yorkshire Combined Authority and several organisations, trusts, foundations and corporate sponsors. Through this collective, collaborative funding partnership:

£45 million	Arts Council England total investment over three years in Bradford's creativity and cultural sector **since it was named the next UK City of Culture in 2022**[8]
£5 million	National Lottery funding through Arts Council England for Bradford 2025[9]
£15 million	of investment for Bradford 2025 from Department of Culture, Media and Sport administered by Arts Council England

Bradford 2025 in figures[10]:

- 23,000 people attended RISE Bradford 2025 two-night opening event
- 3.3 million visitors estimated to attend all Bradford 2025 events
- £136.9 million estimated boost to Bradford's economy from visitors over 2025
- 130 staff and 1,600 volunteers make up the Bradford 2025 team

[8] Arts Council England's total investment in Bradford since April 2022 (the beginning of financial year 2022/23).
[9] Bradford UK City of Culture 2025 funding (£5 million through the National Lottery and £15 million through the Department of Culture, Media & Sport) was awarded in the 2022/23 and 2023/24 financial years. This £20 million is included in the 'ACE investment in Bradford since April 2022' total above but will not be included in any funding total figures for the 2024/25 financial year elsewhere in this document.
[10] Figures correct as of April 2025.

> ***Nationhood: Memory and Hope*** celebrates identity through the eyes of communities in Bradford to Belfast, Cardiff and Glasgow. Curated by Impressions Gallery, the exhibition brings together bold new photography that captures how place, culture and community shape who we are.

"RISE – sell-out event starts Bradford 2025's year"

RISE a truly dazzling spectacular held in Bradford's City Park, was the sell out opening event of Bradford 2025. Over two nights in January, a 200 strong cast made up of professionals and the people Bradford wowed a total crowd of 23,000. It included performances by acrobats, local young people, rappers, and a community choir and orchestra. RISE ended each night with magician Stephen Frayne, formerly known as Dynamo, astounding the audience with his illusions. Stephen began his career doing street magic in the very same spot in City Park as a teenager.

Bradford 2025 for all

DRAW! – Hockney inspires us all to become artists

DRAW! started in January with the Bradford born artist David Hockney asking the public to draw "something you find beautiful" and share it on social media. It is part of Bradford 2025's commitment to get as many people involved in creative activities during the year. Each month a new artist and theme is announced. So far that included people being asked to draw their favourite thing, a portrait or self portrait, and what they see out of a window. A selection of the drawings is displayed on the Bradford 2025 website. An exhibition of some of the drawings will take place at the end of the year.

Nationhood: Memory and Hope – what it means to belong

Launched at Impressions Gallery as part of the opening weekend of Bradford 2025 UK City of Culture, ***Nationhood: Memory and Hope*** celebrates identity through the eyes of communities in Bradford to Belfast, Cardiff and Glasgow. Curated by Impressions Gallery, the exhibition brings together bold new photography that captures how place, culture and community shape who we are. With contributions from internationally renowned artist Aïda Muluneh and seven emerging UK photographers, the project creates a vibrant visual conversation about representation, hope, and what it means to belong.

The Beacon – the venue that travels to its audiences

The Beacon describes itself as a "venue like no other". A pop-up performance space that can literally be built and rebuilt anywhere. Working with the people of Bradford it has created a series of bespoke programmes in each of the four parks that will be its home for a month at a time throughout Bradford 2025. That includes music, comedy and weekend festivals as well as classes, family activities and neighbourhood get-togethers. In doing so it will make sure everyone has the chance to get involved in the year-long UK City of Culture.

> DRAW! started in January with the Bradford born artist David Hockney asking the public to draw "something you find beautiful" and share it on social media. It is part of Bradford 2025's commitment to get as many people involved in creative activities during the year.

Performance Analysis

Each year we look at the progress we are making towards the three Outcomes of our strategy **Let's Create** – Creative People, Cultural Communities and a Creative & Cultural Country.

Our Performance Analysis provides some examples of how the money we invest from taxpayers and National Lottery players is benefiting audiences and visitors, artists and creative practitioners of all kinds, and arts organisations, museums and libraries across the country.

Our investment of public money is about making sure that innovative, ambitious and exceptional art and culture of all kinds is available to see, take part in and enjoy in our villages, towns and cities. We want more people in more places to see, to have the chances and choices take part in and enjoy the best creative activities and cultural experiences.

We champion, develop and invest in our creative and cultural sector in lots of different ways. It could be through supporting skills and developing artists and creative practitioners, encouraging ambition and innovation and through our advocacy for our arts and culture to Government.

Whether you are an avid theatre goer or an occasional festival goer, whether you work in arts and culture or in a different sector, or if you are someone who cares passionately that your community thrives because you live and work there – here we set out how our investment, advocacy and support made a difference to our nation's creative and cultural life in 2024/25.

A Creative & Cultural Country

England's cultural sector is innovative, collaborative and international

We worked with the sector to deliver **Let's Create** through collaboration and innovation, promoting growth through an internationally significant programme of festivals, productions, workshops and more. We encouraged the sector to collaborate, to promote research and development, to drive innovation, and to develop new business models. Through sustainable local, national and international partnerships, we saw creative and cultural organisations support each other, sharing professional learning, breaking down barriers to opportunity and boosting growth, skills, capacity and resilience in the sector.

A Creative & Cultural Country in numbers 2024/25		
In 2023 our investment in arts, museums and libraries supported a direct Gross Value Added contribution of **£1.35 billion** for the economy – a 17% increase since 2019[11]	In 2023 the arts and culture sector employed **251,500 people** – a 0.6% increase in jobs since 2019	Creative health interventions for mental health conditions delivered an average return on investment of **£2.30 for every £1 spent**
113 National Portfolio Organisations reported international activity in 2023/24 reaching **5.9 million people**[12]	Every region of England had at least one organisation involved in delivering international activities in 2023/24	Since 2001, our international collaborations have secured **£1.3 million** in additional investment, engaged **489** artists and organisations and formed **133** new international partnerships
£42.3 million awarded to creative practitioners and individuals in 2024/25	**2,298** organisations supported through our Digital Culture Network – with **12.6%** of these in Priority Places	Museum Development programme supported **1,300** local museums to survive and thrive as vital community assets

[11] Figures taken from *Spillover impacts in the publicly funded arts and culture sector* published April 2025.
[12] 2023/24 engagement figures are taken from our data platform Illuminate. 2024/25 figures will be reported in our 2025/26 Annual Report and Accounts

Five inspirational, astounding, exceptional performances, exhibitions, and events supported by Arts Council England in 2024/25

1. Multi award-winning VR experience ***In Pursuit of Repetitive Beats*** toured cultural venues across the UK, selling out all 172 performances at the Brighton Dome during its first week.
2. At £4.3 million, the 2,584 Norman pennies of **Somerset's Chew Valley Hoard** is the largest and most valuable Treasure acquisition recorded to date. It was secured for public display by **The South West Heritage Trust** and will be displayed at the British Museum before touring museums across the UK.
3. In 2024, the legendary Chaka Khan welcomed tens of thousands of people to **Meltdown Festival**, transforming the **Southbank Centre** into a joyous celebration of love, music and community, featuring Emeli Sandé, Lady Blackbird, Bruce Hornsby and Incognito.
4. **Royal Ballet and Opera** adapted Thomas Vinterberg's cult film into a bold, new Olivier Award-nominated opera in the world premiere of ***Festen***.
5. Manchester's **Factory International** hosted events including Complicité's *Figures in Extinction*, Laurie Anderson's *ARK United States V and David Hockney: Bigger and Closer.* Public funding helped unlock major private investment, supporting the creation of Factory International's home Aviva Studios, which is projected to generate £1.1 billion for the city's economy and create 1,500 jobs.

Our Creative & Cultural Country story in 2024/25

Punch – high-quality drama made possible through our investment

Award winning writer James Graham's latest critically acclaimed play ***Punch*** was produced by a team that included two of our National Portfolio organisations Nottingham Playhouse and the Young Vic.

Punch is based on the true-life story of the aftermath of the death of Jacob Hodkinson who was killed after being punched once by a stranger in Nottingham.

After a sell-out opening run at the Nottingham Playhouse it transferred to the Young Vic for another sell-out season. *Punch* has ignited public debate about violent crime, justice and rehabilitation including in the House of Commons. The play received a five-star review from *WhatsOnStage* and *The Times* and moves to the Apollo Theatre West End later in 2025.

It comes hot on the heels of James Graham's Olivier Award winning examination of nation and game ***Dear England*** which returned to National Portfolio Organisation the **National Theatre** ahead of a 16-venue tour in 2025/26.

New technology to create new art

We are supporting artists based in the UK to develop their creative practice through our **Immersive Arts** programme. This is a £6.5 million collaboration with the Arts and Humanities Research Council, Arts Council of Wales, Creative Scotland and Arts Council of Northern Ireland and includes a £1.5 million Arts Council England contribution over three years. Immersive Arts will provide funds for artists to experiment and use virtual, extended and augmented realities and related technology in their work. It includes a commitment to skills development, production support, and annual showcases to share learning and celebrate the work created.

In parallel with Immersive Arts, Watershed in Bristol was awarded almost £360,000 through our National Lottery Project Grants to launch Undershed. The new bespoke venue is the only one of its kind outside London in England that will specialise in making immersive art accessible to the public. We are supporting Undershed to work with other venues across the UK to form a national and international distribution network for immersive art. We also invested £222,000 in the digital production company East City Films to tour the award winning ***In Pursuit of Repetitive Beats*** VR experience around the UK, in the process supporting venues to build skills, networks, infrastructure and business protocols that will underpin the next generation of immersive art projects.

A further example of our support for artists experimenting using technology to tell stories in new ways is our funding of award winning Karen Palmer. Her mobile phone based interactive story Consensus Gentium was showcased at the SXSW festival in Austin, Texas as part of our investment in Future Art and Culture, which helps artists working with technology to gain the opportunity to meet peers from around the world, share knowledge, develop relationships and reach new audiences with their work. Our cultural sector then benefits from increased international interest in UK artistic work, and the creative and commercial opportunities this can generate. ***Consensus Gentium*** was then supported with an Arts Council grant to tour to shopping centres, targeting young, underrepresented audiences in towns with low cultural engagement.

"[We] are trying to figure out how to move into this kind of international scene after the success we've had nationally. **We want to understand how to amplify the message, take it across borders, take it to the community, but also, of course, make it work as a business.**

> [We] are discovering it as we go. We're really excited to do something innovative with distribution as well. In this regard, the support of the Arts Council is crucial. They're extraordinary partners."
> – Karen Palmer

Venice Biennale success for Shape Arts

We invested in Shape Arts, a disabled-led arts organisation and one of our National Portfolio Organisations, to create an internationally significant showcase for the Venice Biennale 2024. **Crip Arte Spazio: The Disability Arts Movement** in Venice was a joyous and exuberant celebration of the Disability Arts Movement – a group which campaigned for the rights of disabled people and against their discrimination and marginalisation in the arts. Including both historic work and new commissions the showcase continued on a UK tour which opened at the Attenborough Arts Centre in Leicester.

Showcasing talent in New York

Under the Radar is New York City's premiere annual festival of experimental theatre. We supported a group of artists and producers to attend the 2025 edition of the festival as part of a collaboration between Here & Now – Performance Created in England, Under the Radar, and Factory International. Artists BULLYACHE, Luca Rutherford, Ziza Patrick and Wet Mess, along with producers Nancy May Roberts and Hattie Gregory, attended the festival to develop their international profile and contacts, connect with key members of the live performance industry, and attend key shows and events. This included the annual Under the Radar Symposium, which brought together over 350 arts presenters, producers, service organisations, funders and artists. The festival also included Arts Council supported showcases of Benji Redi's *Find Your Eyes* and Dan Daw's *The Dan Daw Show.*

WOMEX 2024

Manchester Music City hosted the 30th edition of WOMEX, Worldwide Music Expo, the biggest conference of the global music scene and a major international industry festival. Over four days in October 2024, WOMEX featured a trade fair, films, talks and showcase concerts. Music professionals came together to embrace music including folk, roots, jazz, urban, electronic and that based in the traditions of cultures from around the world and their diaspora communities.

Our investment in WOMEX 2024 added to the rich mix on offer. It included a bursary scheme for 45 English promoters, 20 of which were based in the North of England, and most of whom were attending WOMEX for the first time. We also supported the publication of *Routes* – a 52-page printed guidebook highlighting the best of England's live music scene and sector for those attending the conference.

The delivery partners for the 2024 edition of WOMEX included our National Portfolio Organisations and Investment Principles Support Organisations Brighter Sound, English Folk Expo (now known as Soundroots), Attitude is Everything, and Black Lives in Music. This large UK and Ireland delegation was presented through a single point of contact and promotion for UK and Irish artists, known as the Horizons partnership. It brings together Arts Council England, Arts Council of Wales, in association with Wales Arts International and Tŷ Cerdd, Creative Scotland, Arts Council of Northern Ireland, Arts Council Ireland, the British Council and the Arts InfoPoint and produced by National Portfolio Organisation, British Underground. The partnership was formed the last time the UK hosted WOMEX in 2013.

“The delivery partners for the 2024 edition of WOMEX included our National Portfolio Organisations and Investment Principles Support Organisations Brighter Sound, English Folk Expo (now known as Soundroots), Attitude is Everything, and Black Lives in Music.”

A major ambition of our investment and the hope of Manchester Music City was the legacy of the event for Manchester and its people. The National Portfolio Organisations rooted in global music who came together at WOMEX will continue to meet up this year to support grassroots music venues to collaborate and host global music performers through developing new toolkits, and work in association with Bradford 2025.

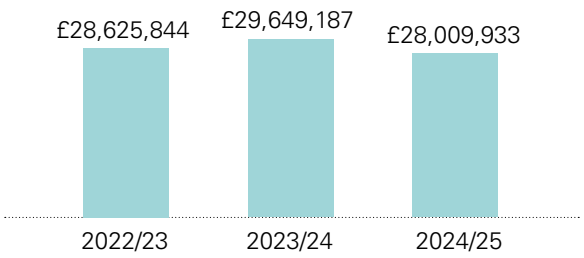
WOMEX 2024 in numbers:

- **2,850** music professionals from **118** countries **attended**
- **738** companies from **56** countries **exhibited** in the trade fair
- **290** musicians from across the globe **presented 61** showcase acts over **7** stages
- Conference featured **88 speakers** from **22** countries

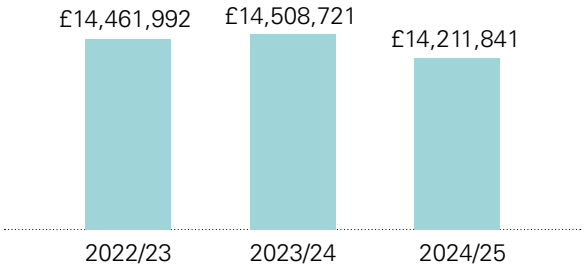
Our continuing support for individual creative practitioners

October 2024 saw the launch of the *Cultural Freelancers Study 2024*. Commissioned by us, the study was carried out by researchers from the University of Essex. The three-part study was made up of a literature review, a survey which had more than 5,000 respondents, and a series of focus groups and interviews in which 200 participants took part. The ambition of the large-scale longitudinal study was to give us a deep understanding of the lives of freelancers and will be repeated every three years. The study highlighted as well as the opportunities, the real challenges of those working in the artforms we support. We take those challenges seriously which is why we are strengthening our staffing resource and our understanding, support and advocacy for freelancers. Our support for individual creative and cultural practitioners also includes eligibility to apply for investment through our National Lottery Project Grants, which they can apply for at any stage of their projects, and our Developing Your Creative Practice Fund, which supports individuals to focus on their development and take them to the next stage of their practice:

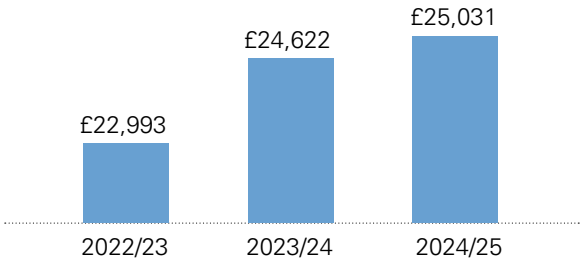
NATIONAL LOTTERY PROJECT GRANTS: AMOUNT AWARDED TO INDIVIDUALS:



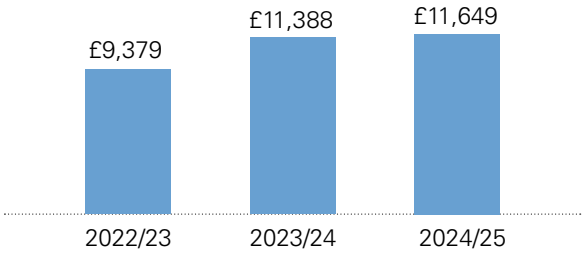
DEVELOPING YOUR CREATIVE PRACTICE: AMOUNT AWARDED



NATIONAL LOTTERY PROJECT GRANTS: AVERAGE GRANT AWARDED TO INDIVIDUALS:



DEVELOPING YOUR CREATIVE PRACTICE: AVERAGE GRANT AWARDED



Libraries finding answers to the big questions of our time

Arts Council England is the national development agency for libraries in England, and we work with a range of library services that operate within a wider framework of library provision and local and national government services, and those that do not. The Europe Challenge 2024 brought libraries communities across Europe to tackle the big social issues of our age. The project looked at challenges such as low voter turnout and democratic participation, climate change and poor mental health. Through our investment, the programme engaged and supported 10 English libraries through mentoring, peer learning and networking with colleagues in libraries in Europe, and resulted in 10 English projects reaching 4,900 people. It has resulted in a network of library staff from across Europe. They are working to build upon the work of Europe Challenge 2024 and create further collaborations in the future.

Europe Challenge Initiative: The Gatherers

In rural North Devon, barriers like transport issues and lack of disposable income hinder community participation. The Gatherers, a collaboration between Braunton Library and local creative charity Honeyscribe, connects people and place through plants and stories, tackling social isolation and loneliness – including people who are not digitally connected, people with long-term disabilities, new parents, new arrivals to the area, unemployed people and those who have been recently bereaved – in five rural North Devon libraries. Activities include making flower presses from old library books, creating bookmarks and cards, and planting seasonal flowers. Drop-in workshops inspire conversations and co-creation, while wildflower walks are helping local connections to flourish.

Connecting Stories – helping everyone to discover the pleasure of reading

We have invested National Lottery funds so the National Literacy Trust can develop 14 Connecting Stories Hubs across England. The hubs, which fully launched throughout 2024/25, work to raise the reading and writing skills of children and young people and give greater access to books in places in most need of that support. The Trust's wider Connecting Stories campaign launched in 2020 with help from our investment. Since then, it has been supported by large, small and independent publishers and worked with 120 authors to deliver activities that reached 200,000 people. Throughout the last year more than 800 Literacy Champions worked with The National Literacy Trust to promote and celebrate the joy of reading and its benefits on wellbeing and educational attainment. One of this year's highlights for the Literacy Champions was a Clarence House reception by Royal patron Queen Camilla.

Developing our nation's museums

We play a vital role in supporting museums nationally through our funded programme of Museum Development. We have invested £600,574 to more than 200 museums through small grants with a further investment of £200,000 coming from the charity Art Fund. We have also provided training, published reports to give greater insight to the museum sector, and funded the 'Seeds for Action' national environmental programme.

Our area partners for Museum Development announced in 2024 are:

- **London:** delivered by Museum of London
- **Midlands:** delivered by Ironbridge Gorge Museum Trust and Leicestershire County Council
- **North:** delivered by Yorkshire Museums Trust in partnership with Manchester Museum and Tyne & Wear Archives and Museums

- **South East:** delivered by Norfolk County Council and Brighton & Hove
- **South West:** delivered by Bristol City Council

We also awarded £569,077 to museums in small grants covering the whole of England, from the Isles of Scilly Museum to Lady Waterford Hall in Northumberland. Grants ranged from £45 to the Frogmore Paper Mill in Hemel Hempstead to attend the **Take Care: Putting Collections at the Heart of Climate Change Work** conference to £8,950 to the American Museum in Britain which is in Bath for their **Diverse Histories, Diverse Voices: Updating the Period Room Interpretation** work.

Centre of Excellence for Music and Dementia

This year saw the launch of the first Centre of Excellence for Music and Dementia in Greater Manchester

To establish the centre, **Manchester Camerata** was awarded more than £1 million investment through the Power of Music Fund, including a £250,000 grant from Arts Council England. The programme is led by the National Academy for Social Prescribing, Arts Council England and The Utley Foundation. It worked with the Alzheimer's Society to recruit, develop and train a volunteer community workforce of 300 Music Champions. These champions will deliver the Music Cafes, helping to support over 1,000 people living with dementia in Greater Manchester.

This partnership has the potential to consolidate understanding of benefits of music in healthcare, specifically for people living with dementia. Part of the Power of Music ambitions is to develop a learning network, for Music for Dementia providers and practitioners. This network now has 115 members nationally, who have met eight times throughout the last year to share learning and best practice.

English National Opera and Greater Manchester: working together to reach new audiences

A major new three-year partnership between English National Opera (ENO) and the city region of Greater Manchester was announced in November 2024. It will involve the creation of a new Greater Manchester Youth Opera Company and Perfect Pitch, a collaboration exploring the impact of mass singing on the performance of Greater Manchester's football teams – a collaboration with Salford's outdoor arts company Walk the Plank. English National Opera will be firmly established within Greater Manchester by 2029 and is part of Arts Council England's transfer of investment to areas outside of London.

Europe's biggest celebration of Black literature

The Black British Book Festival is the largest in Europe and in 2024 was funded through National Lottery Project Grants. The programme of events included workshops, keynote speakers, panels, and a festival attended by **5,500 people** at the London's Barbican. It celebrated established authors and nurtured emerging talent and contributes to creating a more inclusive and representative literary landscape. Its year-round programme includes library and school events in our Priority Places as well as communities across England.

Get Ready for Business Growth – igniting our nation's creative economy

Get Ready for Business Growth is a programme funded by the Arts Council and the British Library, offering scale-up support for small and medium creative businesses to increase growth, build business skills, and increase capacity and resilience. It also offers mentoring and start-up streams for smaller creative businesses. In January 2024, the findings of 'Get Ready for Business Growth: Igniting Creativity across the Nation' were published – they revealed that the programme offered exceptional personal, professional, business, economic and social value.

In 2024/25, over **120** creative individuals and businesses, including **103** individuals from underrepresented groups, in England and Scotland were supported to increase their business knowledge, creating **26** new jobs and **51** new products, processes or services. This programme is a good illustration the benefits that have come out of National funding initiatives.

'We wouldn't have scaled so quickly without the confidence and advice from the programme. It's given us the tools to grow effectively, and we've already hit this year's turnover target in Q3.'
– Get Ready for Business Growth graduate

Making our creative and cultural sector environmentally responsible

During 2024/25, a **Green Events Code of Practice (GECOP) pilot** was launched as part of our funding for Julie's Bicycle and Vision for Sustainable Events (formerly Vision: 2025). The pilot is made up of ten local authorities trialling new environmental standards for events. The Code demonstrates best practice and creates consistency. It looks at seven key areas where positive environmental change can be achieved: governance, energy, travel & transport, food & drink, waste, water, and influence. 60 events with over 2.3 million visitors took part in the pilot assessment, from small community events to large festivals like Parklife and Reading. The pilot's results provide clear evidence that a local authority-led assessment of events against minimum environmental expectations can create tangible and measurable improvements in environmental practices.

Key numbers:

- **60%** of event organisers have implemented new direct measures as a result of the pilot
- **92%** said they'd adopt even more sustainable practices next year
- **7 out of 10** participating local authorities made changes to policy or procedures

2024/25 also saw us support the development and UK dissemination of the second edition of the **Theatre Green Book**, a significant sector-wide initiative that provides a framework and guidance for UK theatres and theatre practitioners to make their work more environmentally sustainable. Our funding enabled the launch and related learning events, as well as providing support for the training and development of wider Theatre Green Book networks.

Helping important collections enrich people's lives

We are passionate about collections held in our museums, libraries and archives and their ability to impact upon our lives and deepen our understanding of the world around us. Our **Designation Scheme** identifies and celebrates outstanding collections of national and international importance based on their quality and significance – and we currently have 162 Designated Collections in England. Collections held in non-national museums, libraries and archives across England can

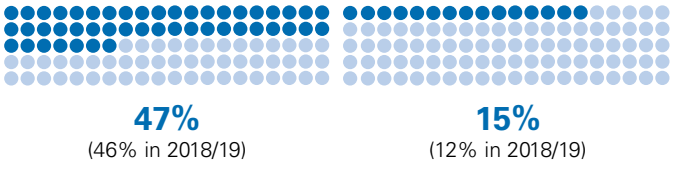
apply for **Designated status**. It recognises the collections which play a significant role in deepening our understanding of our country, our planet and our shared cultural heritage. In 2024/25, we relaunched the Designation Scheme with refreshed criteria and resources to help museums, libraries and archives raise the profile of significant collections. Following the relaunch, which included three webinars with Museum Development partners and enhanced accessible web resources and content, we received the highest volume of Stage 1 applications since 2001 – highlighting the Scheme's continued relevance to the sector.

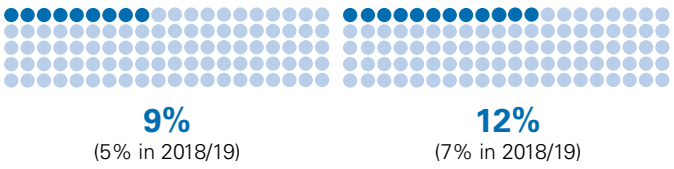
Supporting exceptional talent wherever it is found

Our Equality, Diversity and Inclusion Review 2018-23 was published in February and looked at the workforce of the five years of our last National Portfolio.

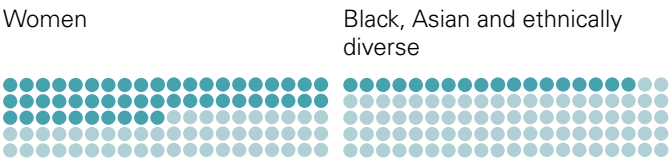
Of the 661 organisations that consistently provided data during this time, we saw that the proportion of women, Black, Asian and ethnically diverse, disabled, and LGBTQIA+ people represented in the total workforce of those organisations increased over the investment period:

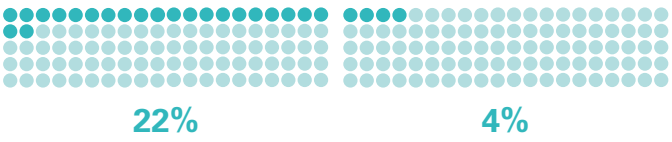
Total workforce 2022/23





Office for National Statistics
Figures for the whole working age population for a comparable period





Read more about our continuing work in our **Delivery Plan 2024-27**.

Cultural Communities

Villages, towns and cities thrive through a collaborative approach to culture

We want creativity and culture to play its full part in making our villages, towns and cities better places to live, work and play. We talk to, consult and listen to more communities to allow them to decide what kind of culture they want to experience on their doorstep. In particular, our National Lottery Project Grants Place Partnership projects seek to make a long-term difference to the creative and cultural lives of local communities.

Local authorities are the biggest funders of creativity and culture in England. Faced by a challenging financial environment, many responded with imaginative and innovative ideas about how they can continue their vital support for arts and culture. One of our key focuses in the last year was to continue to work in partnership with local government to make sure that our investment in culture is successful and sustainable. By doing this we help to remove barriers and improve access so that arts and culture can have a deep and lasting effect on people and communities across England.

Cultural Communities in numbers 2024/25		
73.6 million people attended **84,000** events hosted by **1,000** organisations that we invested in 2023/24.[13]	**122%** increase in the Arts Council's investment in National Portfolio Organisations based in Priority Places in 2024/25 compared to our previous National Portfolio (2018-22)	**82.8% increase** in the number of National Portfolio Organisations based in Priority Places in 2024/25 compared to the previous National Portfolio (2018-22)
Arts Council funded activities took place in every Local Authority area in England in 2024/25	**£17.4 million** invested in **30** Place Partnership projects in 2024/25	Over **£42.3 million** total investment through Place Partnership Fund since the programme launched in 2021
Since launching in 2021, **33** Place Partnership Fund projects have taken place in Priority Places (**47.1%**)	Over **£2.6 million** National Lottery Project Grants awarded to Library projects	Over **£1.3 million** National Lottery Project Grants awarded to Museum projects

[13] 2023/24 engagement figures are taken from our data platform Illuminate. 2024/25 figures will be reported in our 2025/26 Annual Report and Accounts

Our Cultural Communities story in 2024/25

All In – Everyone's Welcome

All In is a creative and cultural access scheme for deaf, disabled and neurodivergent people. It is designed to remove barriers and improve their experience as audience members, participants and visitors at theatres, museums, galleries, festivals, libraries, and more across the UK and Ireland. All In has so far received 1,050 expressions of interest from the creative and cultural sector. Leeds became the pilot city for All In in December 2024 – with the Leeds Heritage Theatres, Leeds Museums and Galleries, Leeds Playhouse and Opera North trialling the scheme. Arts Council England has invested £2 million to create All In, working in partnership with **Arts Council Ireland, Arts Council of Northern Ireland**, **Arts Council of Wales and Creative Scotland**. A disabled-led team developed All In and the project's work is guided by two advisory groups. One made-up of deaf, disabled and neurodivergent members and the other formed of creative and cultural organisations of all shapes and sizes from across the sector.

"Opera North is delighted to be part of the All In pilot as we look to ensure that everyone attending our performances gets the best possible experience from the point of booking through to the visit itself. We strongly believe that the arts are for everyone which is why we have introduced more matinees, English subtitles at all operas, relaxed performances for people who prefer a less formal theatre environment and BSL interpretation, audio description and touch tours on selected dates. We also continue to innovate with our new production of Handel's Susanna featuring integrated Visual Vernacular at every performance. By taking part in this pilot, we are looking forward to working collaboratively with other organisations, sharing data and insights to enhance this offer still further and to ensure that culture is genuinely open and welcoming to all."
– Emily Simpson, Director of Audiences, Opera North

"A home for poetry"

The **National Poetry Centre** in Leeds is the visionary, flagship project of Simon Armitage's decade long tenure as the UK's Poet Laureate. The centre will house archives and a poetry library, writing rooms and a performance space and be an inspirational resource for poets throughout the country and a venue of international significance. We helped secure £5 million of government investment towards the project's capital development through our collaboration with Leeds City Council, Leeds University, and West Yorkshire Combined Authority. We have also invested an additional £305,000 into a National Young Poets Laureate programme. It will work with 120,000 young people in 1,000 schools to nurture and give a platform to young poets across the country. It will also see 120 young poets given professional mentoring to further develop their craft and confidence.

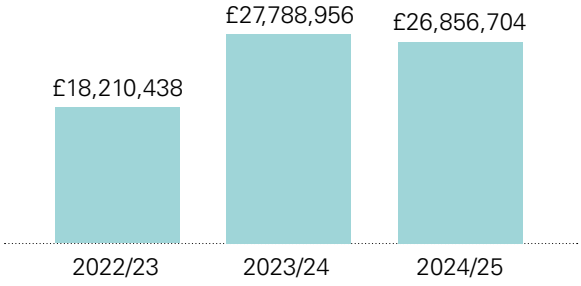
Building and developing best practice in public art

We invested in think tank **ixia** to create a Public Art Support Pilot in Barnsley, Darlington and St Helens. The ambition of the pilot was to support best practice in public art commissioning and production including artist recruitment, governance and how to get the community more involved in projects of this kind. Each of the local authorities in those areas was matched with an expert adviser who guided and supported them through the early stages of the public arts projects that were made possible through Levelling Up funding. The pilot led to better knowledge, improved approaches to commissioning public art and shared learning across the different areas. ixia also delivered several webinars and events to help Arts Council staff in their development roles, and Local Authorities, practitioners and partners involved in making art with and for communities.

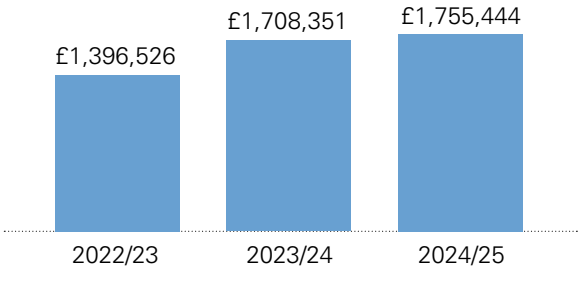
Our pledge to Priority Places

In our most recent **Delivery Plan**, we renewed our commitment to support our 54 Priority Places until the end of 2026/27. It will see us continue our work and working alongside others to make sure that more of our communities share in the benefits, including economic regeneration and growth, that investment in creativity and culture can bring. We are committed to creating a common vision by working with local stakeholders on how that can be achieved. It means we can bring about meaningful and real changes for the lives of people and communities, who in the past have fewer chances and choices to take part in creative activities and cultural experiences.

NATIONAL LOTTERY PROJECT GRANTS: TOTAL AMOUNT INVESTED IN PRIORITY PLACES



DEVELOPING YOUR CREATIVE PRACTICE: TOTAL AMOUNT INVESTED IN PRIORITY PLACES



Our Priority Places investment over the last three years includes:

Our total National Lottery Project Grants investment in Priority Places remains significantly higher than 2022/23. In 2024/25 we invested over £9 million through Place Partnership Fund projects in priority places. There was a reduction overall in 2024/25 compared to 2023/24 due to lower investment in this year for our under £30,000 strand of the National Lottery Project Grants programme.

Rochdale – one of our priority places

We have invested more than £11.7 million in Rochdale since financial year 2018/19. Our increased investment has led to festivals like Wild Wanders, held during the October 2024 half-term holidays. It saw more than 3,500 people exploring a nighttime nature trail and offered families in Rochdale an inclusive, free and magical experience.

It also allowed M6 Theatre to run drama projects for children and young people waiting to access the Child and Adolescent Mental Health Service. An evaluation of the project reported an increase in the wellbeing of children who had taken part.

We are also delivering long term cultural and creative change in Rochdale through our investment, and by building trust and meaningful relationships with individual artists and local arts organisations. It includes the formation of a local artists' network and supporting partnerships between creative practitioners and community groups to test new and exciting ways to connect people, and encourage more people who live in Rochdale to take part in creative and cultural activities. Our strong relationships with the Rochdale Development Agency as well other arm's length bodies, such as Historic England and National Lottery Heritage Fund, enabling joined up working on our co-investments.

"I am keen to engage those who have lots of talent but don't fit into the education system as it is, these children and young adults fall through the net sometimes through no fault of their own. And miss out on so much. And I feel with the funding and support we get from the Arts Council, we are on our way to doing this. As most of them will engage in soft learning like arts, local history and culture, and cooperation. Things that they just don't teach in most schools. And what makes it even better is these activities are led by local role models, this can make a huge difference on their lives."
– Councillor Susan Smith, Rochdale Metropolitan Borough Council

The New Forest: unlocking "wonderful" creativity and culture through our investment

We have invested more than £2 million in the New Forest, one of 11 Priority Places in the South West area, since 2018. Our total investment in the New Forest in 2024/25 was £393,266 – an increase of 100.6% compared to 2018/19. This funding includes our support for Creative People and Places programme **Culture in Common**. Formed two years ago, it is made up of a partnership of New Forest and Hampshire based charities, community and arts organisations, New Forest District Council and the area's national park authority. Since beginning their programme of events, Culture in Common's creative and cultural activities have reached more than 49,000 people. Throughout 2024 they worked with Platform 4, an artist-led company based in Winchester, on the **Alice Project**. This saw 40 children and adults called Alice – who ranged in age from a newborn baby girl to a 79 year-old come together at the New Forest Heritage Centre. They took part in making Alice bands, playing *Alice in Wonderland* card games and using a 'Menu of Conversation' while having tea and cake with each other. It was a creative celebration of the links the area has with the real-life inspiration for Lewis Carroll's Alice in Wonderland – Alice Liddell. These conversations have been woven into a sound piece with music and text from Lewis Carroll's work which will tour the UK later this year.

Bringing communities together through culture

The Creative People and Places programme gives people a say in what kind of creative activities take place where they live. It's aimed at places in the country where involvement in the creativity and culture is significantly below the national average. In 2024/25 we awarded £11.6 million to Creative People and Places programmes across the country, from Down to Earth in Wigan to Seed in Sedgemoor, and have extended the programme for another year to March 2026.

More about our Creative People and Places portfolio:

38 Creative People & Places programmes took place in **57** local authorities[14]
33 of our Creative People and Places programmes are in the Arts Council's Priority Places
90% of audiences are from low-to-medium engaged groups
Over **£120 million** will have been invested in Creative People and Places between 2012 and 2026
Over **14,200** arts and culture experiences delivered and over **18 million** people engaged with Creative People and Places since 2012
Over **26,000** volunteers have made Creative People and Places programmes happen since 2012

Throughout 2024, one of our Creative People and Places programmes **The Cultural Spring**, worked in partnership with 10 community venues to provide creative and cultural activities in Washington and the surrounding Coalfields area. Called **A Space to Create** and funded through Sunderland City Council's Warm Spaces fund, it developed its programme through consultation with people living locally. It led to a series of workshops which meant those taking part could learn how to create and sell artwork made from low-cost or recycled materials.

The groups worked with experienced artists and developed skills in a range of artforms and to learn about creative enterprise – pricing and selling products. Those taking part in the workshops have continued creating and selling their artwork online and at craft fairs.

> "I have learnt not only how to decoupage but also how to price and sell the items that I make. I have set up a facebook page where I sell some of the pieces I make so that I can buy new materials to make more. I have already sold a number of pieces which I'm so chuffed about – I never thought before this that people would buy something I had made."
> – The Cultural Spring Participant

Rosehill Theatre – supporting Whitehaven's people and communities

Rosehill Theatre was traditionally a receiving venue for touring productions. But in recent years it has reinvented itself, putting working with communities and place-making at the heart of what it does. **KIND**, its community programme, uses creativity and culture to create safe and supportive spaces for people to come together. We increased our National Portfolio investment in Rosehill Theatre 258% in 2023 – from £63,433 to £208,523 annually. This meant a new social prescribing programme could be launched as part of KIND, it could create commissions for local freelancers, and put on events to promote a sense of belonging, togetherness and greater community spirit in Whitehaven – building on the success of its annual Harbourfest and its existing family programmes.

[14] Number of local authorities covered is based on the boundaries that were in place in 2017/18, when the Active Lives survey was used to determine eligibility for the Creative People and Places Programme. We recognise that, due to boundary changes, several Local Authority areas in which Creative People and Places programmes are being delivered are now part of larger Local Authority areas, which may result in a reduced total number.

In the first three quarters of 2024/25 Rosehill Theatre almost doubled the number of workshops and participants at its community workshops compared to the previous year – from 98 workshops in 2023/24 to 175 in 2024/25, and 3,619 people to 6,921 people. Its audiences also rose from 5,086 to 7,000 in the same time period. The theatre sits on the Cumbria Arts & Culture Network and is a consortium partner of the West Cumbria Creative People and Places project, Everyone Here. Whitehaven is the former administrative centre of Copeland, one of our 54 Priority Places and the previous name of the district council before local government in Cumbria was restructured in 2023.

"Rosehill has been an integral part of the delivery of our social inclusion programme by enabling and facilitating the delivery of activities and interventions that promote the health, wellbeing, and inclusion of our communities by utilising arts and culture to enhance people's lives. Our social inclusion programme is so much richer and more diverse with the support of Rosehill." – Emma Williamson, Deputy Leader and Children's Services, Family Wellbeing and Housing Portfolio Holder (Statutory Lead Member for Children's Services) Cumberland Council

Place Based Peer Learning programme – helping culture and community to work together

When the cultural sector works closely with community partners, we knoww that the activities that happen in those places are richer and more relevant, resources go further, and there are greater civic and social benefits. Our **Place Based Peer Learning programme** helps them to work together and share knowledge. It supports the building of partnerships and networks between Creative People and Places (CPPs), Local Cultural Education Partnerships (LCEPs), and Cultural Compacts, allowing them to do just that. The key element of the programme is to support and allow communities to take part in decision-making around their own cultural experiences. In 2024/25 we invested £200,000 in delivering 21 events around community-led monitoring and evaluation, involving children and young people in research, data visualisation and collection, and influencing and advocacy. We produced four podcasts showcasing best practice in place-based working in Barrow in Furness, Stoke on Trent, Rotherham and the South West and launched a digital networking platform to build networks and collaboration.

Derbyshire Makes – a place partnership story

Our National Lottery Project Grants Place Partnership fund is investing in projects which are making real and significant changes to the creative and cultural opportunities of our communities. Successful bids are strategic, place-based interventions that will have a long-term positive impact on the creative and cultural life of our communities.

Derbyshire Makes celebrates making in all its forms, shining a spotlight on the county's extraordinary making heritage and creative and cultural industries. Derbyshire County Council secured £780,000 from our Place Partnership fund to deliver this three-year cultural programme. Activities so far have included artist talks, craft demonstrations, hands-on workshops, exhibitions, performances and a mass-participation event, led by High Peak-based maker and former contestant on the BBC's *The Great British Sewing Bee*, Alex Murphy. The programme brings the region's diverse communities together by bringing together local makers and residents, strengthening community connections and boosting the region's creative and cultural landscape.

"It's great to see the range of activities and events planned across communities for our first ever Derbyshire Makes festival, inspired by our proud history of making. We're keen to ensure that as many people as possible can get involved in making in all its forms and celebrate our heritage as well as the role making plays in Derbyshire now and in the future."

– Councillor Barry Lewis, Leader of Derbyshire County Council

Investing in creative health in our combined authority regions

We invested in the creation of a Creative Health Network Lead for England's metro mayor-led combined authorities in 2024. This investment was matched with funding from 10 of the devolved metro mayor-led authorities. The network will help with exchanging information, learning and best practice about helping to put creative health at the centre of strategy and policy making. Creative health interventions have been shown to be highly cost effective. Our investment and that of the metro mayors will allow for a better understanding of the needs and preferences of communities and how creativity and culture can be effective in supporting everyone's health and wellbeing.

Creative People

Everyone can develop and express creativity throughout their lives

Our investment throughout 2024/25 broke down barriers to opportunity by increasing the chances and choices for everyone, whatever their age, to develop and take part in high-quality creative activities and cultural experiences.

We know increased access to the best in art and culture is crucial for developing imagination, self-expression and creativity in our children and young people.

We are proud of our work in 2024/25, and our long track record, in creating opportunities which values, encourages and allows the creativity of all our children and young people whatever their background to shine.

The future health and vitality of our economically important creative and cultural sector is dependent on drawing on talent wherever it is found.

Data from the Participation Survey shows that there are opportunities for more people to take part in arts activities, as 21% of people surveyed did not participate in an arts activity in 2023/24.

Creative People in numbers 2024/25		
Estimated **4,987,600** project participants in National Lottery Project Grants-funded work in 2024/25 (in both physical space and digitally)[15]	**1,572** successful National Lottery Project Grants projects offered opportunities for creative participation (57% of eligible applications)	**1,095** National Lottery Project Grants delivered or will deliver Creative People activity
79% of adults participated in an arts activity in 2023/24[16]	**17%** of adults did photography as a hobby in 2023/24	**19%** of adults engaged in crafts activities in 2023/24
10% of adults wrote, practised or performed music in 2023/24	National Youth Music Organisations delivered **657 outreach sessions**, reaching approximately **20,000** young people	**33,799** young people took part in Discover! Creative Careers week

[15] This figure is an estimate based on data provided at the point of application by the applicant before the activity had taken place. In November 2023 we changed the questions we ask Project Grants applicants about the beneficiaries of their planned activity when we updated our online application form. This means this figure for Project Grants 2024/25 estimated audiences should not be directly compared with any estimated Project Grants audience figures previously published.

[16] This figure from the Participation Survey includes activity that Arts Council England does not strictly consider within its footprint including: designed or programmed video games including on a smartphone or tablet, made films or videos as a hobby including original animations, and read news in a printed newspaper.

Our Creative People story in 2024/25

Talent 25: exploring how creativity shapes our lives from birth to adulthood

400 babies born in Leicester since 2019 are part of Talent 25 – a unique 25-year long research programme funded by Arts Council England and delivered by De Montfort University.

It is tracking the children from birth until their 25th birthdays looking at the effects that early participation in creative and cultural activities has on their lives. February 2025 marked the fifth anniversary of the project.

Early findings show how important cross-sector partnerships are for a good creative and cultural start in life. It also highlighted the need for professional development for people working in early years settings. The report looked at the essential role that creative activities play in tough times including supporting family wellbeing and connections during the pandemic.

Revolutionising creative chances for young people – Wolverhampton: City of Youth Culture

This year saw the start of Wolverhampton: City of Youth Culture. We have invested £846,940 through our National Lottery Place Partnership fund to support this ambitious three year-long mix of festivals, events, art trails and career development programmes. Designed with, by and for young people, led by Newhampton Arts Centre and delivered by a partnership of arts organisations, its ambition is to revolutionise the creative and culture opportunities for the city's young people.

We invested £850,000 through the Place Partnership Fund for three years of festivals, events and career development with, by and for young people.

It will give them the chance learn new skills, take part in creative experience and opening up career choices in the creative industries. In turn the benefits to Wolverhampton's young people will be felt well beyond the project's lifetime.

Otherham Winter Light Festival; co-created with the children of Rotherham

The first major event of Rotherham's year as the world's first Children's Capital of Culture, Otherham Winter Light Festival took place across two evenings in January 2025. The stunning trail of light and sound projections was inspired by the storytelling of the borough's young residents. Children and young people were involved in every stage of the planning and creation. The festival was led by Flux Rotherham, one of our Creative People and Places projects, two of our National Portfolio Organisations – Rotherham's Grimm & Co and Lancaster-based imitating the dog – Rotherham Metropolitan Borough Council Events and the Children's Capital of Culture.

To create the ideas for Otherham, Flux Rotherham and imitating the dog ran a six-week writing programme for young people aged 12-16. The young writers reimagined Rotherham as an otherworldly place, with their stories directly inspiring the projection designs. To celebrate Rotherham's young filmmaking talent, Flux also partnered with Children's Capital of Culture, imitating the dog, and Studio Bokehgo to work with schools and young creators to produce four short films which were showcased in the 'Cinema of Future Films'. A song written by young people working with Grimm & Co was also featured as part of the projections. Audiences in the Town Centre were up by **72%** during the event compared to the previous week.

"Thoroughly enjoyed the full experience with my family. Something that Rotherham really needed and we do hope to see more of these events in the future. I don't drive so this was just a bus ride away for me and my family which made it helpful."
– Otherham participant

Music Hubs – delivering music lessons in schools and beyond

Over £101 million of funding for a new generation of Music Hubs was announced in May 2024. Music Hubs deliver music lessons in and outside of schools for children from all backgrounds across the whole of England. We are the fundholder for the programme on behalf of the Department for Education. Music Hubs are led by our 43 Hub Lead Organisations who work in partnership with schools, local authorities and educational, creative and communities organisations to bring musical activities to children everywhere. £25 million of the funding announced was earmarked to buy new musical instruments, equipment and technology for children including those with special education needs or disabilities.

Putting creativity at the heart of teaching and learning: Creativity Collaboratives

Creativity Collaboratives is a programme that looks at testing innovative practices for teaching for creativity. By building networks of schools who can share approaches, it hopes to bring about a system-wide change. Teachers and pupils who took part in the pilot, which ended in July 2024, said teaching for creativity increased engagement, confidence and ownership in learning, and brought about positive changes in teaching practices.

Findings from the pilot phase of the programme showed the positive impact that Teaching for Creativity has on teachers and pupils supporting increased engagement, confidence and ownership in learning as well as positive changes in teaching practices. More than four fifths of pupils (84%) said they were more interested in learning when they are being creative, while 82% thought that they had learned skills that might help them in the future. The Legacy Phase of the Creativity Collaboratives programme was launched in October 2024 with a **£1.5 million** Arts Council investment for two more years.

> So no matter what you do in the future, from us learning it now and teaching it to everyone else, it's going to affect you, and help you grow. And also, it'll just help you as a person with just having a bigger character, and being able to use all these skills to improve and just like, help yourself, like to live.
> – Creativity Collaboratives pupil

Take Two Pilot Project – world class art in more ways than one...

2024 saw the conclusion of the Arts Council Collection's Take Two Pilot Project. This was a collaboration with 15 schools in Yorkshire, Coventry and Lambeth to bring world-renowned artworks from the Arts Council Collection into their classrooms.

Over **9,000** students, staff, visitors and parents took part in the programme, which led to better engagement and understanding about art and artists, including resources for children with special educational needs and disabilities. Operating as a 'museum without walls', the Arts Council Collection is the largest national loan collection of modern and contemporary British art in the world, and includes examples by some of the UK's most prominent artists. It is the most widely circulated of all of Britain's national collections and can be seen in museums and galleries in the UK and abroad. The Arts Council Collection also lends to numerous public buildings across the UK,

including schools, universities, hospitals and charitable associations. Schools responded to the artworks by planning specific activities and using them as a way to talk about wider issues. Students were encouraged to question ideas and try new techniques and materials in their own art.

> "Each stage of the process from selecting to working with artworks has created a buzz a sense of pride and excitement"
> – Participating teacher in Take Two

National Youth Music Organisations – creating chances for young musicians to shine

In 2023 we more than doubled the number of our National Youth Music Organisations. It now means we support a total of 15 organisations, working closely with our Investment Principles Support Organisation Music Mark. The expansion meant 6,176 children and young people – an increase of around 3,000 from the academic year 2022/23 – could access high-quality opportunities to pursue their musical interests, explore their potential, and develop skills and experience as performers. These opportunities are open to children and young people from all backgrounds and span a wide range of musical genres including contemporary (commercial) and Black music, English folk, jazz, Indian classical, choral and orchestral, and musical theatre. National Youth Music Organisations provide children and young people with the chance to take part in large-scale performances, inclusive music programmes, residencies, workshops, and to gain industry experience.

Last year all National Youth Music Organisations delivered large-scale outreach programmes, reaching around 20,000 young people. Roughly nine of out ten (89%) of which were delivered in partnership with schools, which for the first time included key stage 1 pupils. As of this year, Special Educational Needs and Disabilities (SEND) schools now make up 10% of all the educational settings who take part. Thousands of young people continued their music journey when they leave their National Youth Music Organisations through mentoring schemes, youth advisory boards and ambassador roles. National Youth Music Organisations continue to play an important role in the music education landscape, with strong sector engagement – by 2024, almost all (99%) Music Hubs were collaborating with National Youth Music Organisations to support programme delivery, recruitment and/or auditions.

Discover! Creative Careers: helping young people find a career in our sector

33,799 young people took part in careers activities with hundreds of creative industry employers across England as part of Discover! Creative Careers Week 2024 in November. **16,817** young people took part in in-person activities – an increase of **256.7%** (12,103 people) since 2023/24. The programme, supported by Arts Council England and the Department for Culture, Media & Sport, inspires and informs young people about careers in the creative industries. As well showcasing the vast array of creative careers on offer, it also explained the skills and qualifications needed to succeed in them. Many of our National Portfolio Organisations were involved in Discover! Creative Careers, including National Theatre, Lighthouse (Poole Arts Trust) and English National Ballet. The programme has received additional support in the Autumn Budget 2024 to expand it in the future.

> "Young people need as much information as they can get about the creative industry and its ever-evolving size, directions and disciplines. They should be able to learn about the good things, the bad and everything in-between! I felt it important to share the highs and the lows that I've experienced because wherever possible, I would hope that I can help someone else to achieve success by passing on this type

of knowledge." – Martin Rose, Freelance Illustrator and Printmaker and participant in Discover! Creative Careers Week 2024

National Gallery – Art Road Trip

Art Road Trip is the National Gallery's travelling art studio programme. It is a partnership with Creative People and Places running until May 2025 to mark the gallery's bicentenary year. Visiting 18 places across the UK its aim is to create community-led arts projects inspired by the National Gallery's collection.

October 2024 saw the studio on wheels stop in Doncaster. Workshops were held at family hubs, the Stirling Smile Group – which is for adults with learning disabilities, the Conversation Club – for people seeking asylum and new refugees, the Doncaster & District Deaf Society and several schools.

Arcade – the digital agency that created the National Gallery app 'The Keeper of Paintings' – visited the children of Atlas Primary School in Doncaster as part of the Art Road Trip. They delivered workshops to two Year 5 classes and demonstrated a new app in development. They offered the children the chance to use the app and share feedback to help shape its development.

Pupils from Atlas Primary School have since visited The National Gallery with the Right Up Our Street team, aided by Doncaster Town Ward Councillor David Shaw. For many, it was their first trip to London. During the visit, the students took part in a workshop exploring paintings, expanding their drawing skills and being inspired to create their own artwork.

9 out 10 (93%) of Art Road Trips participants rated the experience as excellent.

Using creativity and culture to change homeless people's lives

Investment Principles Support Organisation Arts and Homelessness International worked with Swale and Medway Councils in Kent, in partnership with Creative People and Places programme Ideas Test, to deliver a legislative theatre project. Legislative theatre is a method which uses theatrical techniques including role playing to shape policy making. Working with people with lived experience, they co-created the council's homelessness strategy and delivered the Arts and Homelessness International Summit which explored issues including how to create Homelessness Friendly Cultural Spaces.

Creative Ageing Peer Learning Programme Steering Group – shaping the future of creativity for older people

Representatives from the arts and culture sector, health and social care, education and research, and creative practitioners joined our new Creative Ageing Peer Learning Programme Steering Group. This programme involves older adults in creative activities – bringing joy as well as promoting wellbeing and social connection and enhancing quality of life as people age. We have worked with the steering group to create an events programme to support the delivery of creative and cultural projects by, for, and with older people.

Department for Culture, Media & Sport Key Performance Indicators

The Secretary of State for Culture, Media & Sport (DCMS) sets priorities and key performance indicators (KPIs) for Arts Council England. These performance indicators may be reviewed over the duration of the Arts Council's management agreement with the Department for Culture, Media & Sport. The data for the first four Key Performance Indictors (KPIs 1-4) reflect 2023/24 due to the schedule in which we collect data from our National Portfolio Organisations.[17]

KPI 1: Contributed and earned income in National Portfolio Organisations

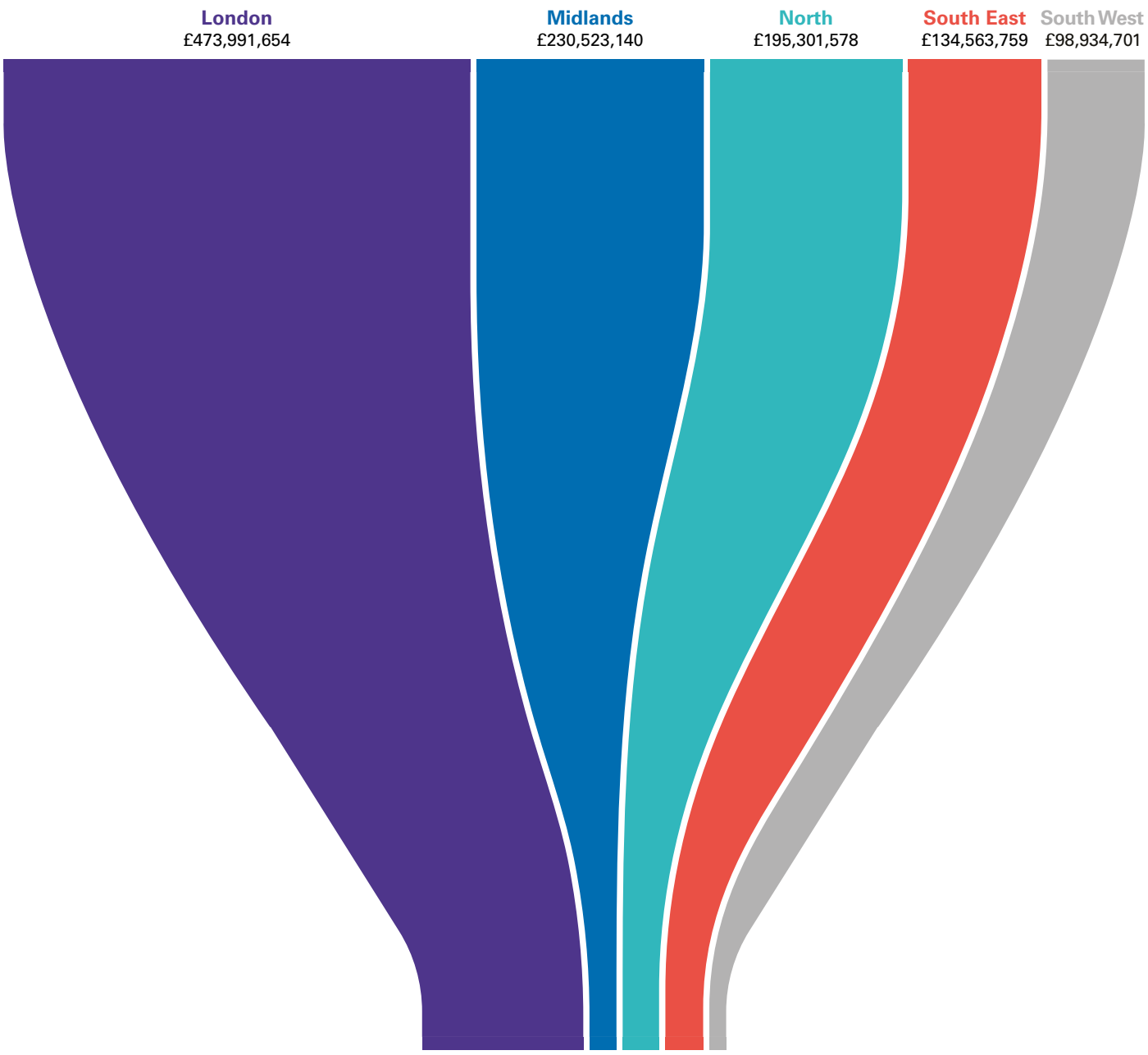
Earned income has continued a growth trajectory since pre-pandemic levels and the low of 2020, though the viability of sector organisations has been affected by overall economic issues in 2024/25. Contributed income – for example money secured via donations, sponsorship and trust and foundation grants continues to show growth with a 9.7% increase over the last financial year. While it is positive to see this growth, we know that sector organisations are still recovering from 2020/21 closures and ongoing economic and inflationary pressures.

[17] Each year, data is pulled from our servers to update the Annual Report and Accounts. This may mean on occasion an update is made to previous years data. This may happen for a couple of reasons: In some cases, this is where applications have been withdrawn, or funding agreements have been changed since the data was originally pulled; and I (delete the I) some organisations operate on a multi-funding year agreement (e.g. NPOs), which may, in some circumstances, not be reflected in the original data and has been updated since. Updating previous data is considered best practice (under ONS statistical guidance) where that data has changed (e.g. a grant has since been withdrawn) or where data may have been based on projections (e.g. an award was made in principle, with a projected award amount, but that £ was altered after the figures were produced). There are also occasions where reporting has improved/systems have been updated which may mean data is processed slightly differently in one year than it had been previously. Best practice in this case would be to ensure comparable data be maintained where possible, so re-running the 'baseline' is required.

Earned and contributed income

Total earned 2023/24:
£1,133,314,832

2021/22: £613,875,485
2022/23: £955,020,631



Total contributed 2023/24:
£283,067,957

2022/23: £255,548,622
2021/22: £236,795,991

KPI 2: Percentages for each protected characteristic (Black/Asian/Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background across National Portfolio Organisation (NPO) Leadership teams and permanent workforces

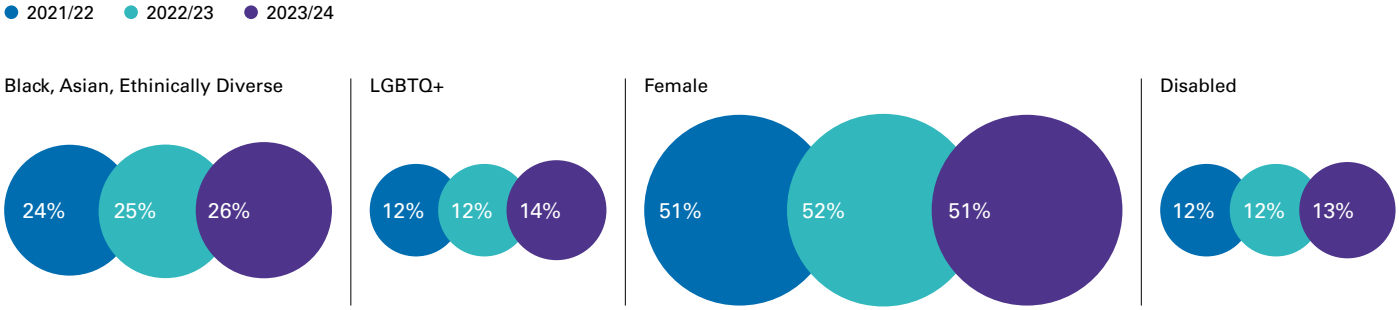
The following charts show the demographic and socio-economic breakdown of senior leadership positions, boards, and permanent workforces of National Portfolio Organisations.

The charts show continued progress and improvement in the representation of people of Black, Asian and Ethnically Diverse heritage, LGBTQ+ communities, Disabled people and Women on National Portfolio Organisation boards and across the permanent workforce compared to 2022/23.

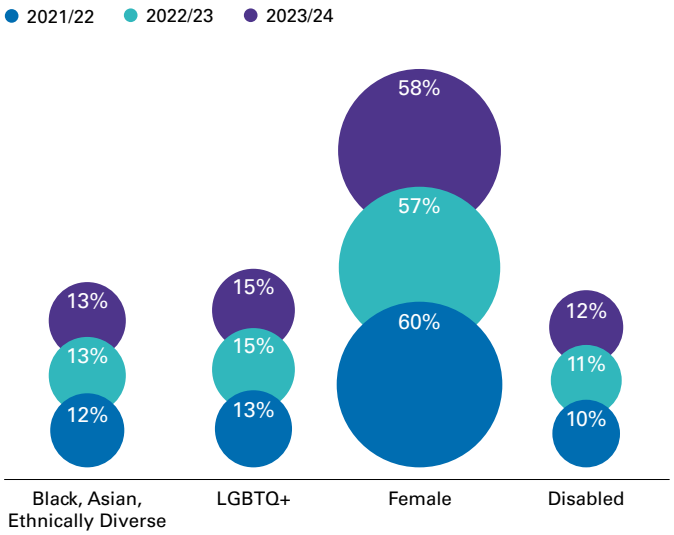
For the first time, we are also reporting on socio-economic background representation. In 2023/24 people from lower socio-economic backgrounds comprised 17% of National Portfolio Organisation boards and 16% of the permanent workforce.

Data for the Arts Council's workforce can be found in the Staff Report on page 119.

National Portfolio Organisations: Board



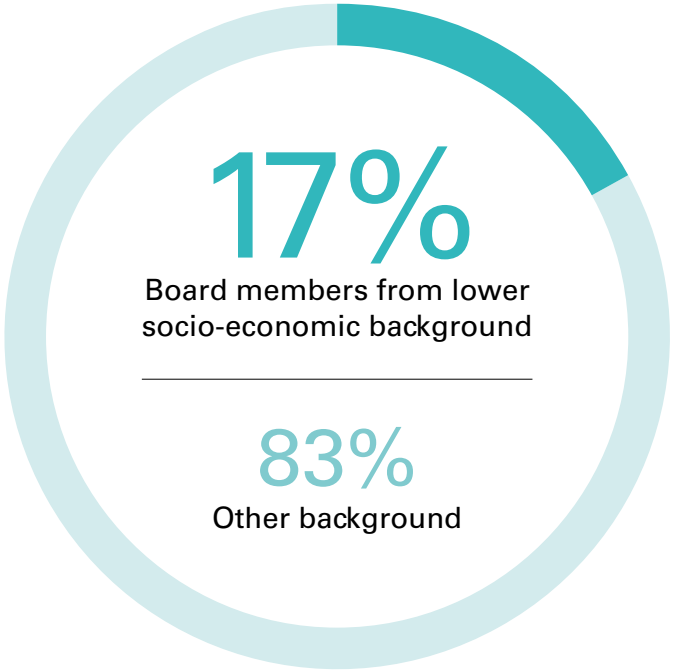
National Portfolio Organisations: Workforce



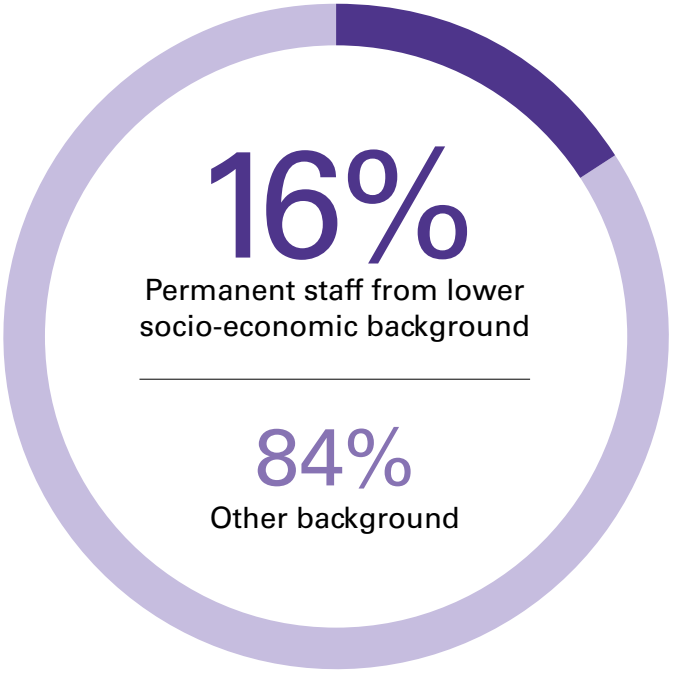
National Portfolio Organisations: Workforce (age)

	2021/22	2022/23	2023/24
0-19	1%	4%	1%
20-34	35%	36%	34%
35-49	32%	32%	31%
50-64	23%	23%	22%
65-74	3%	3%	3%
75+	0%	0%	<1%
Prefer not to say	1%	3%	2%
Not known	3%	4%	5%

National Portfolio Organisations:
Board members from lower socio-economic background



National Portfolio Organisations:
Permanent staff from lower socio-economic background

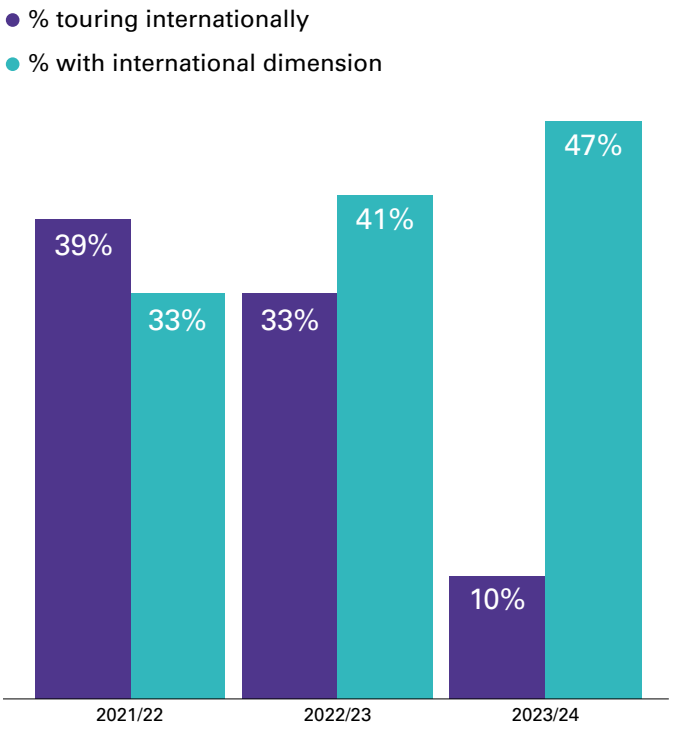


KPI 3: Proportion of international engagements undertaken by National Portfolio Organisations

We have noted a decrease in international engagements. This is partly to do with changing reporting requirements and transition to a new data collection system. This is the first year of our new data collection method, and we are working through the data from all sources to understand what all of these issues might be and what we can do to support improvements going forward.

However, if this data is representative of a real terms decrease in international touring, it is possible that the range of additional costs (visas, carnets, work permits, freight) and barriers (cabotage, 90/180, A1 form delays, lack of tax amnesty with European Union partners) have discouraged many organisations from re-engaging with touring into Europe.

Proportion of international engagements undertaken by National Portfolio Organisations



KPI 4:The total number of children and young people attending events and activities provided by Arts Council England National Portfolio Organisations in areas of low cultural engagement[18]

		Performance	Exhibitions	Screening	Festivals	Total
2021/22	Known	612,963	235,998	25,602	13,186	887,749
	Estimated	69,385	168,693	1,722	14,502	254,302
	Total	**682,348**	**404,691**	**27,324**	**27,688**	**1,142,051**
2022/23	Known	827,412	230,702	30,205	28,170	1,116,489
	Estimated	252,441	339,163	479	2,165,231	2,757,314
	Total	**1,079,853**	**569,865**	**30,684**	**2,193,401**	**3,873,803**
2023/24	Known	236,620	5,871	267	1,830	244,588
	Estimated	109,657	638,209	0	2,801	750,667
	Total	**346,277**	**644,080**	**267**	**4,631**	**995,255**

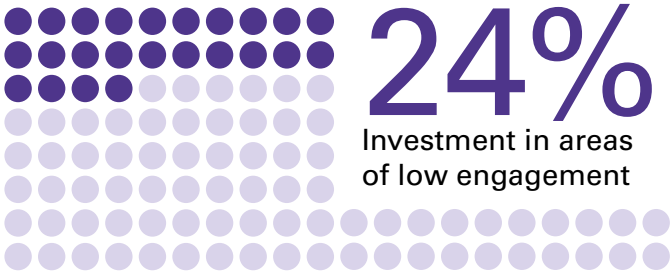
As noted in key performance indicator (KPI) 3, the apparent decrease in children and young peoples' engagement may relate to our migration to a new data platform, and we are analysing all data sources to confirm this. Enhancements to the Illuminate platform should see improvements in reporting against CYP activities and events. Data gathered from National Portfolio Organisation activity forms demonstrates that more portfolio organisations than ever before are delivering work for children and young people; 80% (749) of organisations in the 23-26 portfolio cohort are delivering work for children and young people compared with 73% (611) of organisations in the previous cohort. Similarly, in our National Lottery Project Grants funding strand, we have seen an increase in funding for projects targeted to CYP; in 2022/23 we awarded 1,263 projects clearly identified as reaching children and young people audiences/participants, an investment of £45,846,555, which increased in 2023/24 to 1,398 projects representing a £57,777,690 investment in work for children and young people.

Note on Illuminate data: As we described in the key performance indicators above, this is our first year using the new data platform Illuminate. Illuminate is the Arts Council's Audience Data platform, a free tool that helps organisations gather and analyse data on their audiences and participants.

For our funded organisations, some audience and activity data previously collected through the Annual Survey is now brought into Illuminate too. This is part of our journey to improve our data collection and the insights it can provide. We are learning a lot from this process and working to make continuous improvements. We are looking forward to further refining the data and working with organisations to build a strong data set.

[18] Data taken from known and estimated attendances at children and young people specific activities (England only) in National Portfolio Organisations based in the bottom 33% from Active Lives 2019/20 (question reference QD1 in annual survey - attendance at Children and Youth People events). Local Authority boundaries have changed so some are assigned to 'best fit'. Data taken from Illuminate; event are self-classified and include more event types.

KPI 5: Percentage of overall Arts Council funding spent in areas of low engagement as defined by the Active Lives Survey

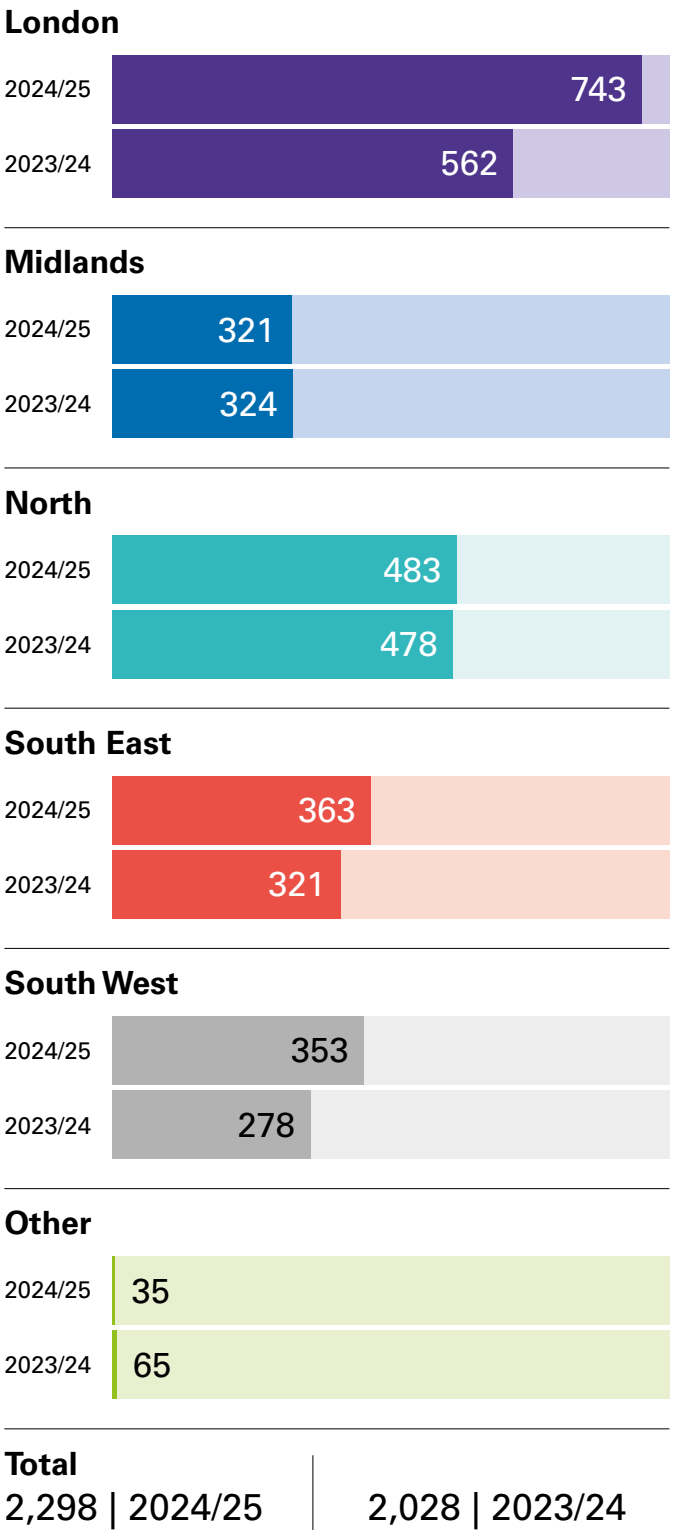


This Key Performance Indicator is based on the bottom 33% engagement levels as defined by the Active Lives survey (2018). This survey has now been discontinued and there have been many Local Authority boundary changes since then. We will be working closely with the Department for Culture, Media & Sport to define a data set which addresses this change in the coming year.

KPI 6: The number of organisations and individuals engaging with the Digital Culture network (breakdown by five Arts Council Areas)[19]

Support cases by the Digital Culture Network are up by 13.3% in 2024/25 compared to 2023/24. In the past year, we have built in extra capacity, allowing us to broaden our reach and to vary the work completed by the Tech Champions. We also started to see far greater demand from within the sector for in-person skills sessions – whilst these varied in size and scope the numbers increased and demand remains steady.

Engagement with the Digital Culture Network (DCN) by Arts Council Area



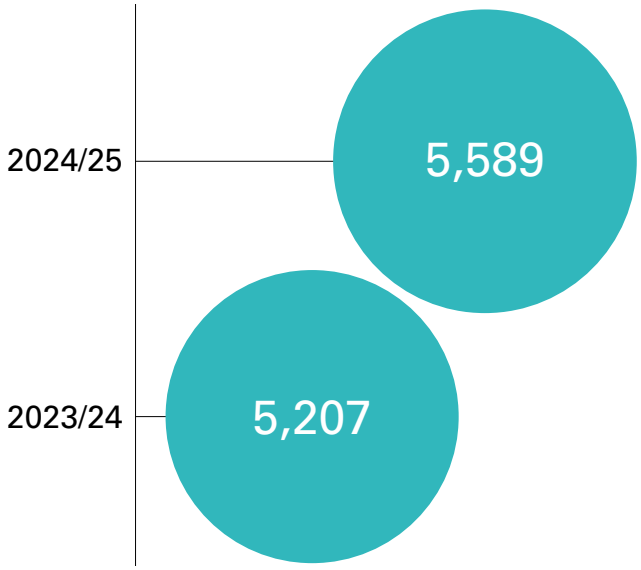
[19] The 2023/24 numbers can vary compared to what was declared in last year's Annual Report and Accounts given that we have merged some organisations in Arts Council's Customer Relationship Manager (CRM) system. Where there are decreases in the "other" categories, it means we have been able to gather more complete data to accurately classify areas.

KPI 7: The Arts Council's delivery of Cultural Property functions

A: Issue export licences within five working days of the Arts Council receiving the application (unless information is missing from the application, the application needs to be referred to an Expert Adviser, or further enquiries need to be made in respect of the object's provenance).

Of the total 5,589 applications for export licences received this year, 100% were issued within five working days of receipt of the application, compared to 98.9% in 2023/24. For more information on our new digital export licensing system, see page 24.

Number of applications



B: Report to the Department for Culture, Media & Sport on the applications considered at each Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest (RCEWA) meeting within two weeks of the meeting.

2024/25	19	100%	100%
2023/24	9	56%	100%

C: KPI: Submit Government Indemnity Scheme claims with recommendation to the Department for Culture, Media & Sport within two weeks of receipt of all paperwork.

No new claims submitted in 2024/25.

WORKS OF ART – ARTS COUNCIL COLLECTION

Unlike our other fixed assets there is no *de minimis* capitalisation threshold for Works of Art. All Works of Art (except those that are donated) are capitalised even if they are valued at under £2,000.

The Arts Council Collection has been built up since 1946 and consists of 8,241 items on 31 March 2025. The purpose of the collection is to broaden the appreciation and public awareness of modern and contemporary British art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre.

Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising eight individuals who are the Director, Arts Council Collection, Director of Visual Arts, Arts Council England, Director, Hayward Gallery, plus four external advisers who are usually an artist, a writer and two curators. The committee is currently chaired by a member of the Arts Council's National Council. The external advisors to the committee are appointed for a fixed two-year tenure. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible, artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England budget. Any offers of gifts to the Arts Council Collection are brought to the attention of the Acquisitions Committee which decides on their suitability.

The procedure for the loss or destruction of works of art is implemented if an item is irretrievably lost or damaged beyond repair. This requires the Director of the Arts Council Collection to report details to the Director of the Hayward Gallery (in cases of vandalism or theft), and the Director, Visual Arts, of Arts Council England who then seeks approval from the Arts Council England National Council to write off the item. The write off in accounting records is implemented by the Director of Finance of Arts Council England who takes into account any insurance claims. Funds claimed in this way are paid into the Arts Council Collection acquisition allocation and earmarked to replace the lost items depending on the advice of the current purchasers. If it is not possible to replace a work because the artist is deceased, there are no suitable replacements or equivalent works have become too expensive, the funds are transferred into the acquisition fund.

Preservation

The condition of the work is checked on receipt, before going out on loan and on return from loan. Master condition files are maintained and kept at Winchester House and Longside (for sculpture) and copies of the latest version are made when loans go out. Normally, required restoration is carried out by fully accredited conservators, either at their studios or at Longside or Winchester House. Any unfitting of frames or restoration carried out away from Winchester House or Longside must be authorised by the Director of the Arts Council Collection or Head of Collection Care. Artists are consulted and involved in restoration when possible and practical. Each year a number of works on paper, photographs, paintings and sculpture are conserved as a matter of course. All conservation is reported annually to the Arts Council England National Council in the form of the Collection's annual report on activities.

Collection management

The Director of the Arts Council Collection reports to the Director of the Hayward Gallery on day-to-day matters and is responsible to the Director, Visual Arts, at Arts Council England on policy. Arts Council Collection staff salaries are paid by the Southbank Centre from the management grant from Arts Council England to the Southbank Centre. A ring-fenced fund within the Southbank Centre and Arts Council England covers the operational costs of the Arts Council Collection's activities.

Access

The Arts Council Collection was established in 1946 by CEMA (the Council for the Encouragement of Music and the Arts). Formed around a small group of paintings, it began with the goal of establishing a national collection for the UK. Today it is the most widely circulated national loan collection of modern and contemporary British art in the world.

The Arts Council Collection continues to build and preserve the British public's art collection for its use and enjoyment. Access to the national collection is achieved through working in collaboration on its broad range of work that includes an extensive lending programme of artwork across the UK and abroad, Arts Council Collection exhibitions, learning and engagement, and research and scholarship. Work is loaned to museums and galleries, and public institutions such as universities, libraries, hospitals and schools. Marketing and communication increases visibility and accessibility through the Collection's website and social media such as Twitter, Instagram and Facebook.

Partnerships

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project, Transforming Collections: Re-Imaging Art, Nation and Heritage.

Further information on the valuation of heritage assets can be found on page 156.

Sustainability report

The Sustainability Report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts.

OVERALL PERFORMANCE (2024-25)

The gross figures for waste show a further reduction on the 2023/24 performance. The increase in costs is due to a combination of inflationary pressures associated with Service Charge increases applied by our landlords and our contractors where we have a direct relationship.

The combined emissions from gas and electricity have reduced. The increase in electricity and reduction in gas is as result of moving our Manchester office into a smaller footprint with electricity as the energy source in November 2024. The full year effect of this change will be reflected in our next annual report.

The reported increase in water consumption is an anomaly arising from how emissions for a single multi-tenanted building are apportioned to tenants in an office the Arts Council occupies. We plan to work with our landlord to improve the accuracy of reporting going forward.

The recently completed relocation of the Manchester office into smaller, greener and better office space means we've secured a significant reduction in the size of the office estate and reduced the environmental impact.

As a result of downsizing the Manchester office, our efficiency ratio has improved from 5.71m²/FTE in 2023/24 to 4.8m²/FTE in 2024/25.

In 2025/26 we expect to examine further opportunities to reduce the size of our estate arising from the growth in hybrid working.

Business travel remains our largest cause of CO2 related emissions. The period 2024/25 saw a moderate increase in travel emissions due to increased activity. Most of our travel continues to be by rail, the most sustainable method and this year we saw a slight decrease in car travel. There has been an increase in air travel this year, compared to 2022/23 and 2023/24 which were significantly lower and remained steady. This is due to a slightly higher number of long-haul flights associated with our development role. We have included a 10 per cent emissions reduction target in business travel by 2026/27 (compared to our 2023/24 footprint) in our Net Zero Transition Plan (discussed later).

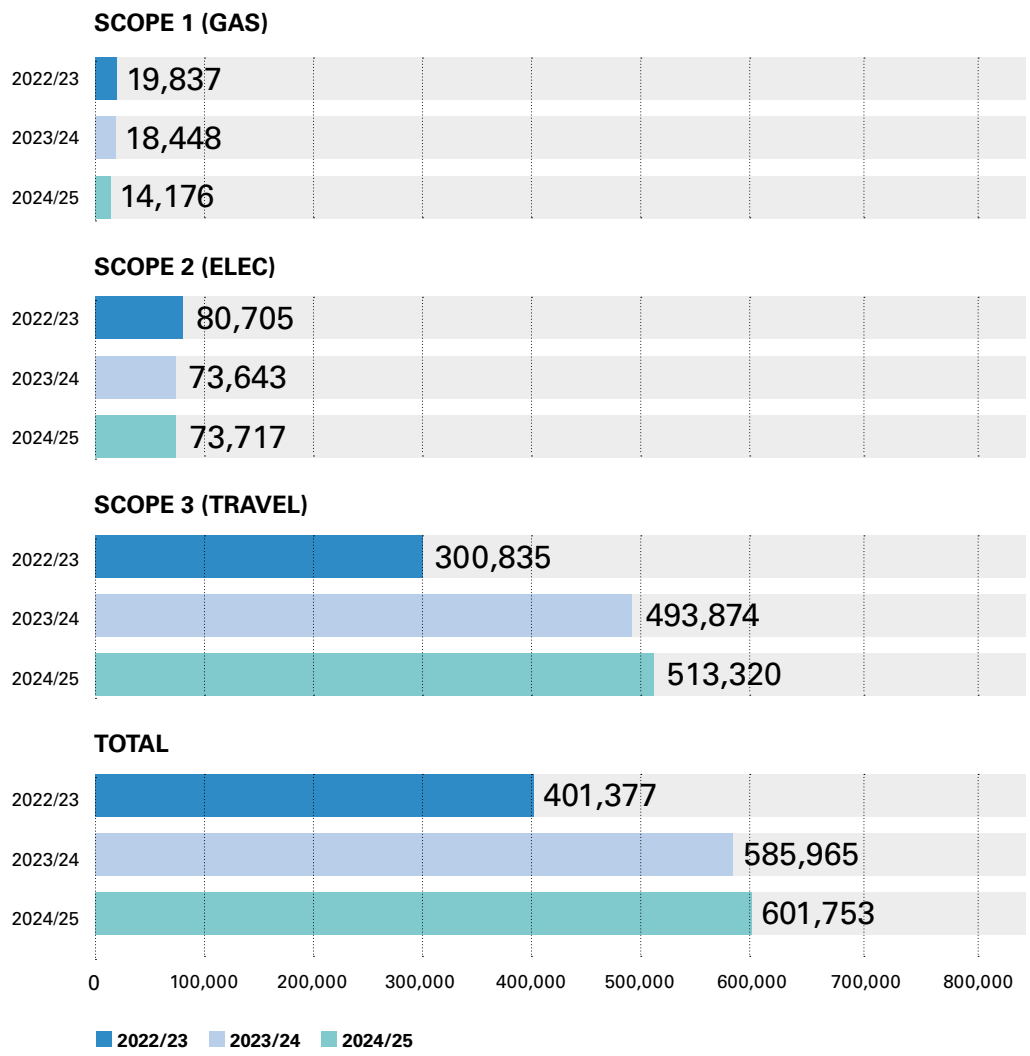
TRAVEL		2022/23	2023/24	**2024/25**
CO_2 (tonnes)	Rail	38	61	**74**
	Air	11	15	**32**
	Car	27	48	**41**
	Total	**77**	**124**	**147**
Cost (£)	Rail	245,517	411,363	**431,459**
	Air	9,096	11,784	**20,596**
	Petrol	46,222	70,727	**61,265**
	Total	**300,835**	**493,874**	**513,320**
Miles	Rail	670,984	1,067,135	**1,186,741**
	Air	72,018	71,618	**169,039**
	Car	115,556	176,885	**153,182**
	Total	**858,557**	**1,315,638**	**1,508,962**

WASTE		2022/23	2023/24	**2024/25**
Non-financial indicators (tonnes)	**Total**	27.03	29.14	**21.24**
	Landfill	0.41	5.55	**2.72**
	Reused/ recycled	26.62	23.59	**18.52**
Financial indicators (£)	**Total**	7,653	6,297	**8,858**
	Landfill	2,050	1,973	**3,030**
	Reused/ recycled	5,603	4,323	**5,828**

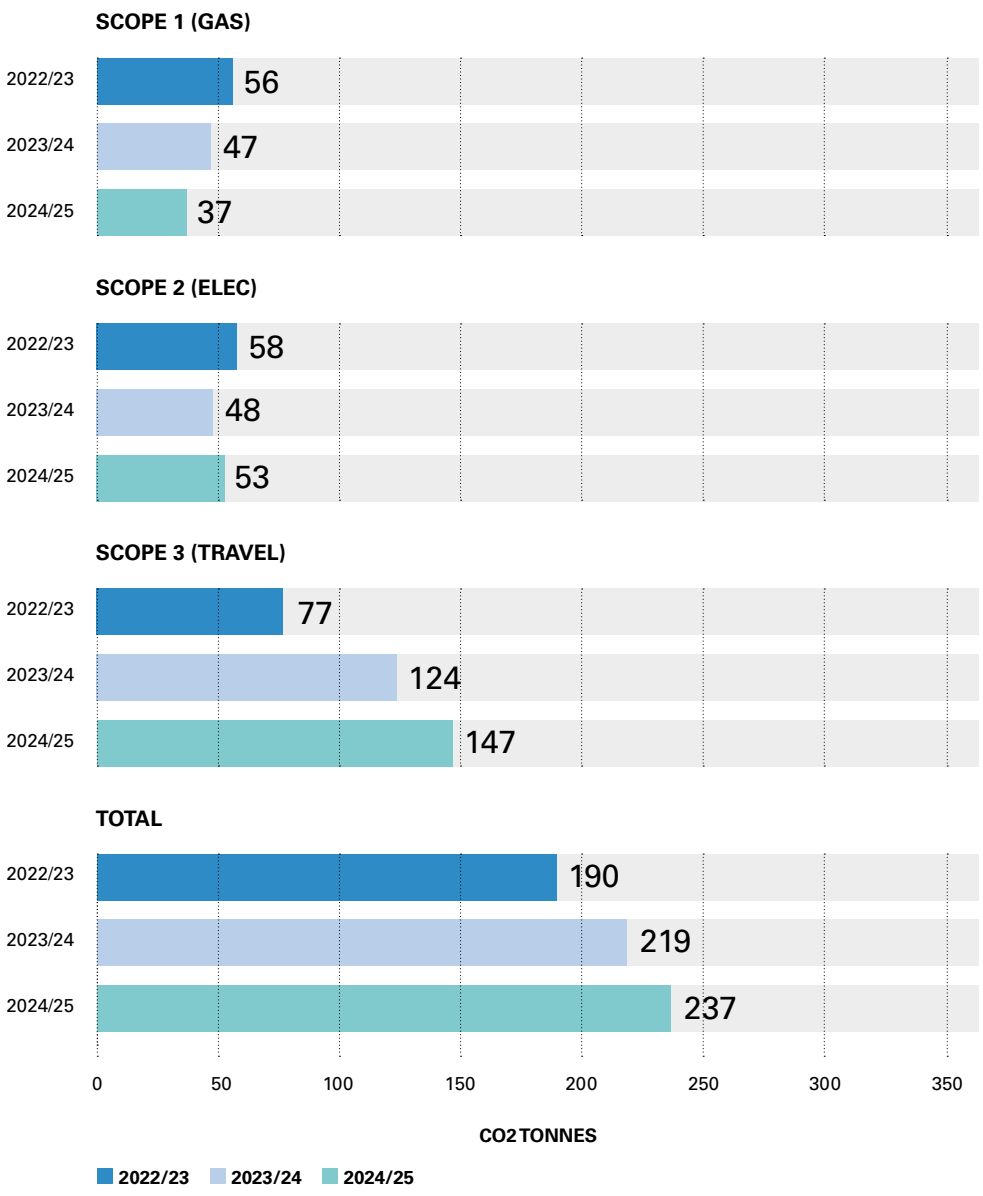
GREENHOUSE GAS EMISSIONS		2022/23	2023/24	**2024/25**
CO_2 (tonnes)	Total Gross Emissions (CO_2)	113	95	**90**
	Gross Emissions Scope 1 (Direct)	56	47	**37**
	Gross Emissions Scope 2 (Indirect)	58	48	**53**
Energy Consumption (kWh)	Electricity	271,644	226,649	**256,582**
	Gas	303,768	257,962	**200,405**
Financial Indicators (£)	Expenditure Energy	100,542	92,091	**88,433**

FINITE RESOURCE CONSUMPTION		2022/23	2023/24	**2024/25**
Non-financial (m3)	Supplied	2,611.02	1,347.83	**2,825.03**
	Per Full Time Equivalent (FTE)	4.34	2.24	**4.70**
Financial Indicators (£)	Water Supply Costs (Office Water)	6,347	5,168	**5,228**

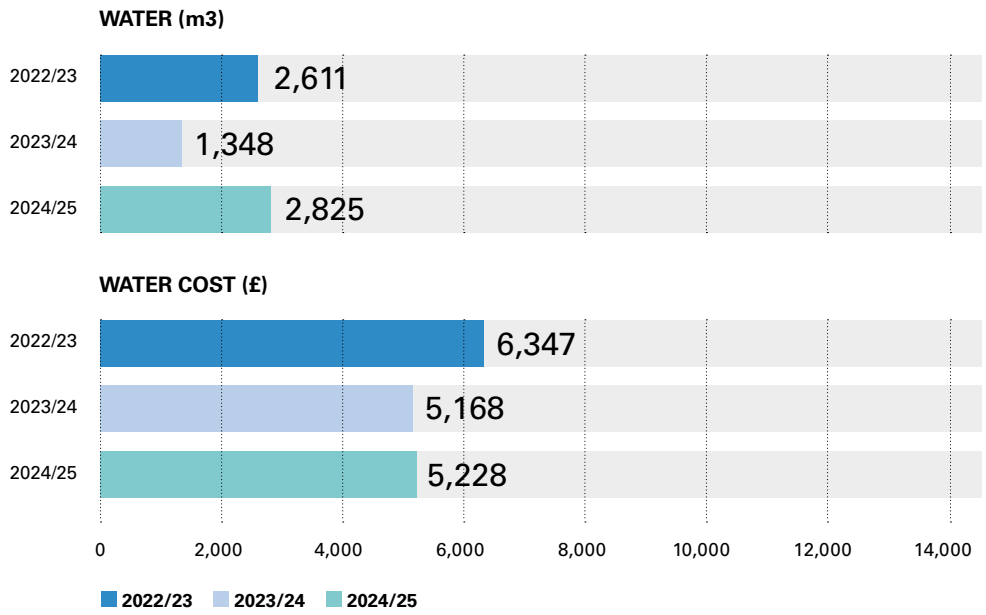
Financial Expenditure (£)



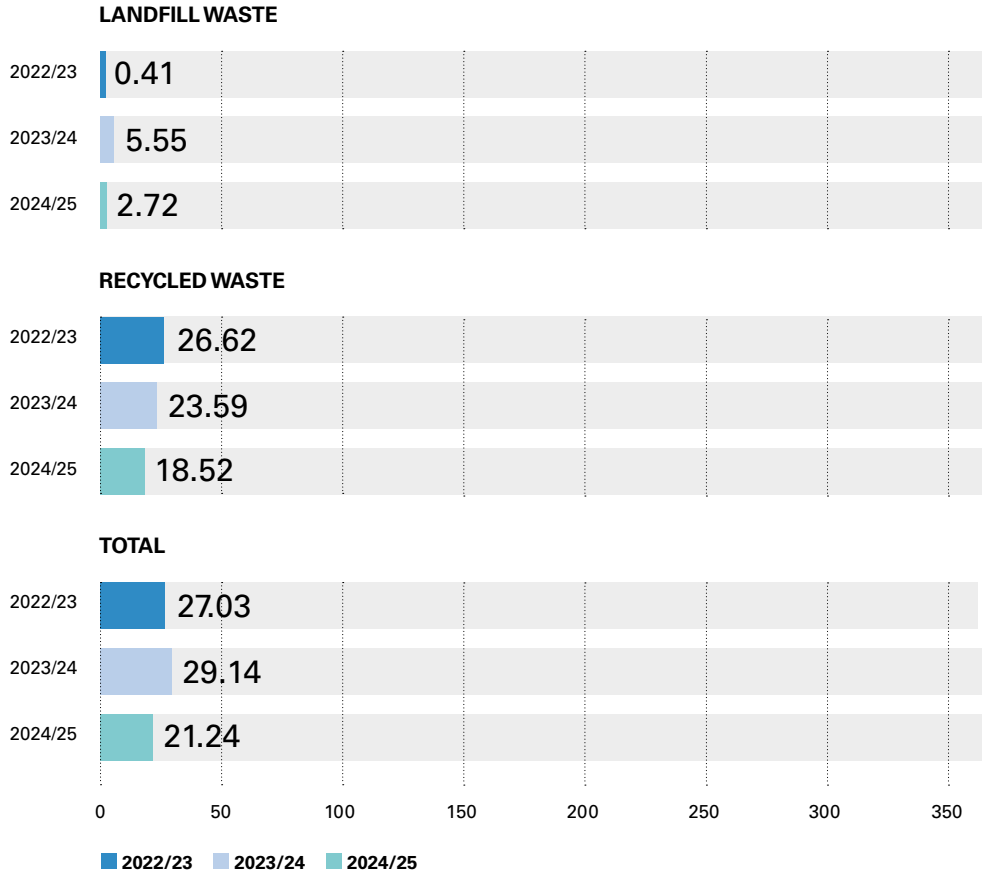
CO2 Whole Estate (Tonnes)



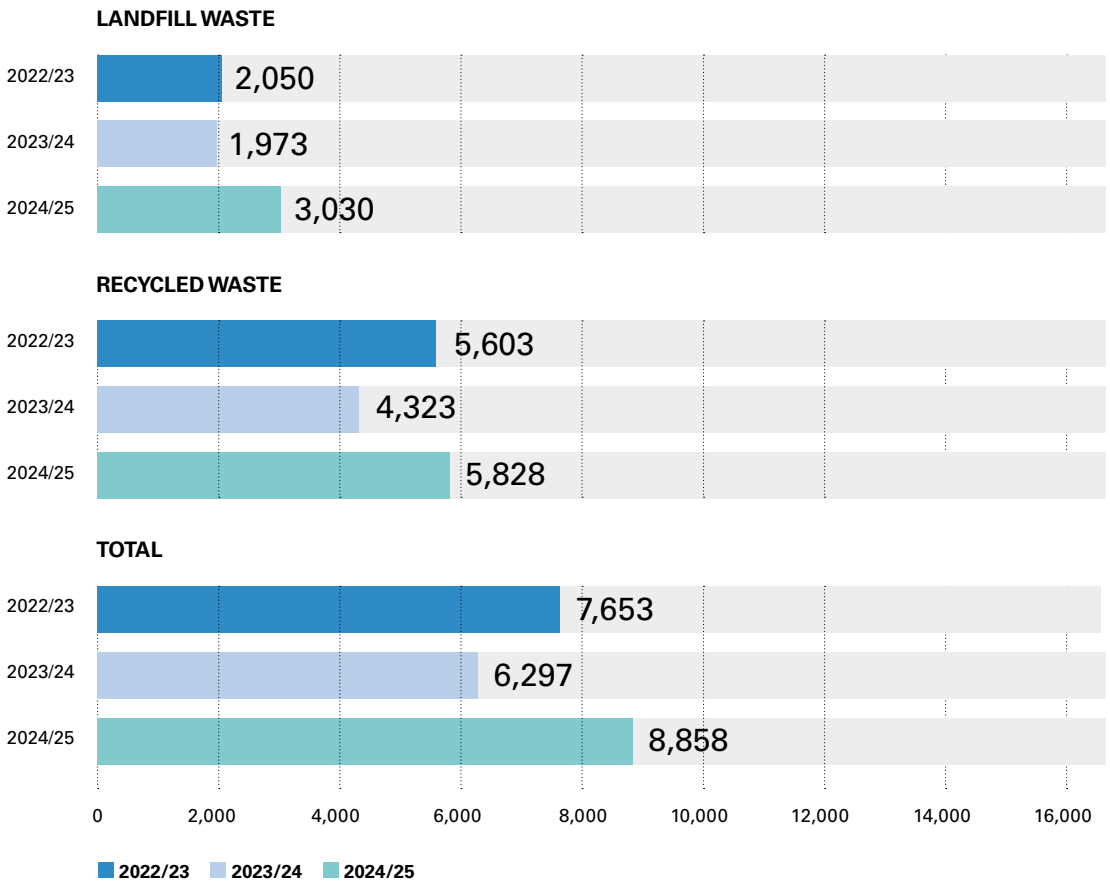
Water Usage (m3) and Expenditure (£)



WASTE – NON FINANCIAL (TONNES)



Waste – Financial Indicators (£)



Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2025), data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs have been taken from those produced by DEFRA, except for air and rail travel where the emissions data has been taken directly from information provided by our travel management system.

We published our most recent carbon footprint for 2023/24 in November 2024. This footprint is more expansive than the sustainability reporting above as it includes wider Scope 3 impacts, procurement of goods and services, staff commuting, and staff homeworking. Our carbon footprint for 2024/25 is due to be published in Autumn/Winter 2025. We have committed to publishing our carbon footprint annually, which includes a review of our carbon reduction targets and longer-term aims. We also review and update the scope of our carbon footprint on a yearly basis, to increase its accuracy and inform our decision making.

We have updated and published our Environmental Responsibility Policy (April 2025) to reflect new government net zero targets to reach 81 per cent reductions by 2035. Our policy also sets out our key environmental commitments and priority areas, aligned with ISO14001.

We have developed our first Net Zero Transition Plan (NZT plan), published in April 2025. In this plan, we make a pledge to reach net zero by 2040, setting a target ahead of Government guidance/legislation. We also pledge intermediary targets in line with Government legislation and our Environmental Responsibility Policy.

Our NZT plan also covers the shorter-term actions that we will take that will result in carbon reductions or other positive

environmental impacts. We intend to focus on our identified priority areas that cover: digital and technology; estates and facilities; procurement; business travel; and staff engagement. Central to this plan is the role of governance and leadership. It will enable us to track our progress and more effectively report against the Taskforce for Climate-related Financial Disclosures (TCFD). We discuss monitoring, reporting and governance in more detail in the TCFD section of this Annual Report below.

For 2024/25, we purchased 201 reams of paper or 530kg by weight (that includes 190 reams of A4 and 11 reams of A3). This is a significant reduction from the previous year (2023/24) when we purchased 361 reams or 952kg by weight (that included 17 reams of A3, 343 reams of A4, and one ream of A5). This is also a significant drop from 2019/20, when we first reported data on our paper use, that shows that we purchased 3,400kg of paper.

While information and communication technology (ICT) purchases are largely made through government frameworks, there is still space for us to make positive change. Equinix, our data centre provider for services including Grantium (our online grant management software), provides an annual report on associated energy use and has confirmed that this continues to come from 100% renewable energy. Our website is green hosted. All IT equipment is disposed of through the IT department and adheres to Waste Electrical and Electronic Equipment (WEEE) regulations. End-of-life laptops are donated, where possible, for re-use to local schools. In 2024/25, 80 Surface Pros were donated to schools in Manchester, and a further 20 were donated to charities in Sierra Leone. In 2024, we encouraged staff to choose the offer of a mobile phone allowance instead of a separate work handset. This led to 15 handsets being returned for re-issue and we were able to avoid purchasing new ones. We have made progress moving our file storage from on-premises to the cloud and have a dedicated project to improve our digital and technological efficiencies, including digital storage, in 2025/26 ('Our Digital Workplace').

In November 2024, we achieved a 43 per cent reduction in the size of our Manchester office by relocating to a smaller suite within the same building, reducing the floor space from 1641m² over three floors to 937m² on one floor. Much of our existing furniture has either been re-used in our new office or recycled by our Furniture Removals contractor. This, together with re-using furniture and partition layout and floor finishes, reduced the carbon impact of our relocation. We have a system which seeks to avoid sending surplus furniture and equipment to landfill. Any remaining surplus items were advertised for re-use within the public sector through the Cabinet Office Furniture Clearing House. Those items which remained available at the end of this process were either distributed to charitable organisations, sold, or broken up and the materials recycled through an appropriately accredited Crown Commercial Services (CCS) supplier.

We remain committed to removing CSUPs (Consumer Single Use Plastics) from our operations and estates. We make every effort in our procurement practices across all offices to ensure that we are purchasing goods with little or no CSUPs. Any purchased CSUPs are limited to stationery and teabags, which involve very low spend. Some purchased goods are delivered in plastic packaging, but our waste management means that only a small amount of waste across our offices ends up in landfill. We do not actively make purchases that are plastic, always opting wherever possible for alternatives, paper or glass for example, or other reusables and recycled materials. We have also changed some suppliers for this reason: as an example, we changed our catering provider in Birmingham for deliveries of food packaged in card and paper, as opposed to plastic.

Arts Council England has an annual procurement spend of approximately £14 million on goods and services, and we make use of CCS and other public sector

Frameworks wherever feasible. While procurement is the largest area of our organisation's carbon footprint (76 per cent in 2023/24) and is therefore a priority for future action, most of this expenditure is on the supply of services, particularly professional services (research, evaluation and legal). We are continuing to engage with our top suppliers, identified by spend, following on from a survey of their environmental responsibility policies and action plan commitments last year. For our own procurement activity, the Arts Council seeks to ensure relevant sustainability criteria are included in specifications and quality questions. Social Value criteria should now be included in our procurements over £75,000 in value.

Most of the Arts Council's goods requirements are purchased via CCS frameworks so GBS (Government Buying Standards) should have been considered by CCS at the time the framework was put in place. For purchased goods, the main energy consuming items are our IT equipment and multi-functional devices (MFDs) which are purchased via CCS Frameworks. The MFD contract was extended for 12 months in December 2024, but with a smaller number of machines due to downsizing the accommodation across our main offices, and therefore energy consumption will be reduced. The downsizing in accommodation has also reduced our office cleaning requirements by about a quarter. The Arts Council spends very little on furniture and other timber related products, unless there is an office refurbishment, but this expenditure tends to be via CCS or other public sector frameworks.

Our Environmental Programme with Julie's Bicycle has completed its second year supporting the 2023-27 National Portfolio Organisations as well as other individuals and organisations that we fund, freelancers, and the wider sector. The programme supports organisations to respond to our Environmental Responsibility Investment Principle with free tools, resources and programmes.

One of the core tools provided through our Environmental Programme is the Creative Climate Tools (CCTs) platform that enables organisations to record, measure and analyse their carbon footprint. The CCTs platform was further developed in 2024/25 with updates that have included the production of bitesize user guides as well as improved methodology for calculating emissions from waste. In 2023/24, 591 organisations reported to the Arts Council using the CCTs platform. They are important in supporting the sector to understand their environmental impacts and identify where changes can be made. The 2023/24 annual sector environmental report on the first year of our 2023-27 portfolio was published in November 2024 and is available here.

The 2023-27 programme introduced several strands focusing on decarbonisation, resilience, justice and governance. Strands delivered in 2024/25 were: **Transforming Energy** which supports building-based organisations to decarbonise their buildings and operations with participants receiving advice and information to advance their organisations towards net zero. Our **Board Environmental Champions** offers training, resources and peer networking to build knowledge, skills and confidence to embed environmental responsibility at governance level. **Creative Climate Accelerator** offers training for emerging climate leaders from diverse backgrounds. **Creating Now for the Future** is also aimed at individuals, supporting freelancers to make their practice more sustainable.

Finally, **Leading Resilience** aims to develop an understanding of adapting and supporting organisations to build resilience to future changes in the climate. The first element, 'Resilient Horizons', is working with a cohort engaged through the Arts Council's Creative People and Places programme to explore creative, community-led resilience and adaptation. The second element, 'Adapting Culture', includes webinars and workshops for the wider sector to build an understanding of adaptation in the context of place-making, nature and biodiversity, and venues.

As part of our new environmental programme, Julie's Bicycle have developed climate literacy e-learning. This is a free learning resource that is now available to Arts Council staff and organisations we fund through our National Portfolio Organisations.

We have not reported on 'Nature recovery and biodiversity action planning' as this target is not relevant to Arts Council England.

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

Arts Council England is reporting on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. The Arts Council has complied with the TCFD recommendations and disclosures around:

Phase 1

- Governance (all recommended disclosures)
- Metrics and Targets (b)

Phase 2

- Risk Management and Metrics and Targets (all recommended disclosures)

Disclosures are included within the Sustainability Reporting section of this Annual Report, and this TCFD section. This is in line with the central government's TCFD-aligned disclosure implementation timetable.

Arts Council England plans to make disclosures for Strategy in future reporting periods in line with the central Government implementation timetable.

As previously set out in the Arts Council's annual report 2023/24, climate related issues and climate related work are described as Environmental Responsibility (ER) at Arts Council England. As the national development agency for creativity and culture in England, Environmental Responsibility is one of Arts Council England's four Investment Principles, to help us deliver our 10-year Strategy, **Let's Create** (2020-30).

Arts Council England's work is underpinned by the pillars of the Environmental Responsibility Investment Principle: Understand the Data; Plan, Action and Change; and Influence, Educate and Advocate. National Council, equivalent to the organisation's board, are responsible for approving the strategy.

To deliver the 10-year strategy, Arts Council England develops three-year **Delivery Plans** and reviews progress and updates on an annual basis. The **Delivery Plans** include updates regarding ongoing ER work and programmes alongside new actions and projects. The **Delivery Plans** are approved by National Council, who receive regular updates on progress. National Council also review and sign off the Annual Report and Accounts which include the Sustainability Reporting section and this Taskforce for Climate-Related Financial Disclosures section.

To further ensure that National Council is fully aware of Arts Council England's ER work, the ER team made a presentation to National Council members in February 2025.

From November 2024, Arts Council England's strategic risk register formally included a climate-related risk. The register describes the risk to the delivery of **Let's Create** through the impact of climate change on the sector and the organisations that the Arts Council supports.

The strategic risk register is reviewed quarterly by Executive Board, followed by a quarterly review by Performance and Audit Committee (a sub-committee of National Council), followed by an annual review by National Council (see the Accountability Report, page 91 Arts Council England's Non-Executive Governance Structure, page 96 The Performance and Audit Committee, page 101 Executive Management). DCMS also review the risk register on a quarterly basis as part of Arts Council England's partnership meetings.

The ER team work with the Governance and Planning team on a quarterly basis to update, refine and expand the climate-related strategic risk as necessary.

Operational climate-related risks are currently managed through the ER team's risk register with a quarterly review by the Enterprise and Innovation directorate Senior Leadership Group, followed by a quarterly review by Arts Council England's Management Board (a sub-group of Executive Board). Operational risks cover access to data, the decarbonisation of the sector's capital infrastructure and buildings, delivery of the Arts Council's Environmental Programme and Net Zero Transition Plan (NZT plan), resourcing and skills, and the impact on the Arts Council's operations and delivery due to adverse weather conditions from climate change. The risk to our operations, most particularly our nine Area offices, will be further developed during 2025/26 and become part of the Arts Council's Corporate Services risk register. The Arts Council's Estates and Facilities team consider flood risk in relation to our existing offices/properties and through the due diligence reports that are commissioned prior to the acquisition and/or lease of any new property.

The Director, Environmental Responsibility and Innovation, reports directly to the Executive Director, Enterprise & Innovation, and the Chief Financial Officer who sit on Executive Board and report directly to the CEO of Arts Council England. These roles oversee and sign off all aspects of ER work with a further level of scrutiny provided by Management Board. Management Board formally reviews and signs off all Arts Council policies including the ER policy, which the ER team are responsible for. The ER policy is reviewed and updated as necessary on an annual basis. It was last updated in Spring 2025 to reflect new Government net zero targets to reach 81 per cent carbon emissions reductions by 2035. Our policy sets out Arts Council England's key environmental commitments and priority areas aligned with ISO14001. The ER team report on a quarterly basis to Arts Council England's Management Board on all of our internal work, that being the policy, carbon footprint and NZT plan.

The ER team, working with colleagues across the business, is responsible for developing targets, monitoring, and reporting on Arts Council England's carbon footprint which is published in Autumn/Winter each year. This is a more expansive footprint than the footprint supplied in the Sustainability section (see pages 76-83) as it also covers additional Scope 3 impacts: procurement of goods and services, staff commuting and staff homeworking. The baseline year for our full carbon footprint is 2019/20 (pre-Covid-19). We calculate our carbon footprint using the Creative Climate Tools. These tools have been created by Julie's Bicycle for the Creative and Cultural sector and are used by many of the organisations that the Arts Council funds. We also receive technical support from an external energy and carbon analytics consultancy regarding the calculation of our emissions from the procurement of goods and services, alongside a verification of our full carbon footprint calculations.

The ER team has been monitoring progress against the Arts Council's Environmental Responsibility Action Plan which is delivered through working with colleagues across our six priority areas (people, place, travel, technology, procurement and pension). Arts Council England's ER Action Plan has been further developed and expanded throughout 2024/25 into a full NZT plan which was published in Spring 2025 (see the Sustainability section page 83 and below for more detail). The NZT plan includes governance actions to ensure accountability, culture-shift and a shared responsibility that supports "management's role in assessing and managing climate-related issues".

Risks to the Creative and Cultural sector and to the Arts Council's own operations are identified by the ER team, working with colleagues across the business and through regular meetings with our environmental partner Julie's Bicycle, other external partners such as other arm's-length bodies, and DCMS. Relevant research and reports are also taken into consideration.

The Arts Council assesses and manages risks at three levels: strategic, departmental and at a programme/project level. Climate-related risks feature on our risk registers at both a strategic and operational (departmental and programme/project) level. The strategic risk focuses on climate-related risks to the arts and culture sector as sector resilience in the face of climate change is vital to the achievement of our strategy, **Let's Create**, and achievement of our charitable mission. The risk references a range of climate impacts such as flooding, heat waves, and coastal erosion which may impact the sector's organisations but also their visitors, audiences and communities.

The climate-related strategic risk (at the time of writing) is one of 12 strategic risks and had an initial rating as 'high', which has been mitigated to a 'medium' level, within our risk tolerance. The relative significance of the climate-related risk in relation to the other strategic risks is assessed through Arts Council England's appetite categorisation and a scoring matrix. All risk registers are closely monitored as the risk landscape can change quickly. For more information on our Risk Management see page 104 of the Accountability Report.

The key operational risks relate to the implementation and delivery of our NZT plan. Such risks are monitored on a quarterly basis by the Chief Finance and Resources Officer working with the Corporate Services Senior Management Team, the ER team, and by our Management Board via quarterly risk reports.

In September 2024, Arts Council England responded to the Climate Change Committee's call for evidence for the 4th iteration of the independent Climate Change Risk Assessment which will in turn inform the 4th iteration of the National Adaptation Programme that the Government develops.

Our response to the call for evidence proposed an expansion of the definition of "cultural heritage" to fully encompass the wider Creative and Cultural Sector which includes both venue-based organisations as well as outdoor events and festivals.

The ER team have worked with the Governance and Planning team throughout 2024/25 to ensure that climate-related risks and opportunities and environmental considerations are streamed through the Arts Council's governance arrangements as necessary. To that end the ER team reports on a quarterly basis to Management Board (see earlier) and our annual carbon footprint became a measure in our Operational Measures Framework in Autumn 2024. The Operational Measures Framework is managed by the Governance and Planning team and reported through Management Board on an annual basis.

Measures for risks and opportunities for the Arts Council's own Environmental Responsibility are set out in our recently published NZT plan. This includes a set of targets around key aspects of our footprint such as procurement of services, business travel and digital services alongside the longer-term commitment to a 2040 Net Zero target. We will develop further metrics and targets around key aspects of our footprint as we review and develop the plan on an annual basis.

The Sustainability Section of this report includes our Scope 1 and 2 emissions for 2024/25 (see page 76) in accordance with Greening Government Commitments. The Arts Council's full carbon footprint for 2023/24, including Scope 1, 2 and 3 GHG emissions (which are externally verified) was published in Winter 2024. Our full carbon footprint for 2024/25 will be published in Autumn/Winter 2025. As set out above, this is a wider footprint than the footprint supplied in the Sustainability section (see pages 76-83) as it covers additional Scope 3 impacts. We aim to improve our data capture and expand our footprint as far as possible year on year. As stated in our NZT plan: "We expect to see an increase in our footprint as we expand our scope to include digital impacts and the Arts Council Collection in the first instance. We know it is important for our footprint to be as accurate as possible and to reflect the broadest scope of all our

operations, thus we recognise we will see it go up as well as down in some scope areas".

Arts Council England's largest impact area is procured services (for 2023/24, 76 per cent of our footprint) so risks lie around our ability to improve the calculation of our Scope 3 emissions, given that currently procurement footprint is calculated by spend not emissions. As set out in our NZT plan, our pathway to Net Zero by 2040 will involve considerable work on our four key areas of focus: our procurement of goods and services, our estates and facilities, our business travel, and our digital workplace.

OUR NZT PLAN SETS OUT THE FOLLOWING:

In terms of procurement, through 2025/26, we will develop a Supplier Engagement Climate Programme to establish the sustainability performance of our most carbon-intensive suppliers and/or our suppliers of highest spend. We are aiming to increasingly work with suppliers who can demonstrate a strong commitment to positive environmental actions.

For our offices we will work to make all our operations single-use plastic free and to maximise the energy efficiency of our offices as far as possible. In the longer term, we will work towards making our estate fossil fuel free.

For business travel, our ambition is to reduce emissions by 10 per cent by 2027. This will be supported by a new business travel policy, which we will develop in 2025/26 to ensure we achieve a continual reduction in emissions.

With regards to technology, we will roll out our digital workplace that will promote the most sustainable solutions for our digital software, cloud-based services and data storage, to minimise our digital footprint.

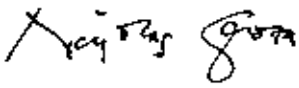
The NZT plan has a series of actions for 2025/26 to ensure that the Arts Council achieves short-term change which will then support longer-term progress with more accurate carbon data and more specific carbon reduction targets.

Metrics for climate-related risks and opportunities for the Creative & Cultural sector will be developed in due course once methodologies to gather and analyse data regarding climate impacts have been researched.

In summary, the Arts Council's targets are in compliance with the Greening Government Commitments and our ER policy commits us to working to meet the UK's interim Net Zero targets (50 per cent reduction by 2030; 81 per cent reduction by 2035). Our recently published NZT plan commits us to a Net Zero target of 2040 and sets out the actions, risks and opportunities of the Arts Council achieving this target.

Climate-related operational risks and strategic risks are monitored and reviewed as set out above and the process for identifying, assessing and managing climate-related risks is now fully integrated into the Arts Council's overall risk management process as set out above.

Dr Darren Henley CBE
Chief Executive
9 JULY 2025



Sir Nicholas Serota CH
Chair
9 JULY 2025

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Trustees' report and management commentary

GOVERNANCE STATEMENT

Arts Council England was established by Royal Charter on 13 March 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

This is a single trustees' report and management commentary which covers both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2024 to 31 March 2025.

ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The current objects of Arts Council England as stated in its Royal Charter are to:

- develop and improve the knowledge, understanding and practice of the arts
- increase accessibility of the arts to the public in England
- advance the education of the public and further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property
- advise and co-operate, where it is appropriate to do so, with Departments of our Government, our Scottish administration, the Northern Ireland Executive and the Welsh ministers, local authorities, the arts councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

The Royal Charter is at the core of our mission as reflected in our strategic framework, **Let's Create**.

Information about our strategic framework, our Outcomes and activities to achieve these, as well as our funding programmes can be found on pages 22 to 75.

ARTS COUNCIL ENGLAND'S GOVERNANCE FRAMEWORK

Arts Council England is an arm's-length non-departmental public body. It is also a registered charity. Accountability to Ministers is managed through the usual control mechanisms for arm's-length bodies.

Arts Council England is regulated in accordance with a Framework Agreement agreed with the Secretary of State for Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

Arts Council England is fully compliant with relevant principles around governance best practice for public service and charitable bodies as set out in the *Corporate governance in central government departments: Code of good practice 2017.*

National Council

Meet National Council, our non-executive board who hold overall responsibility for the governance of the Arts Council.

Abigail Pogson
National Council Member

Deborah Shaw
National Council Member

Phil Stokes
Chair, Performance and Audit Committee and Chair, Remuneration Committee

Andrew Lovett OBE
National Council Member

Helen Birchenough
South West Area Chair
Trustee of Wiltshire Creative, Non-executive director of Messums Wiltshire

William Bush CBE
National Council Member

Andrew Miller MBE
National Council Member

Sally Shaw MBE
South East Area Chair
Director of Firstsite, Colchester

YolanDa Brown, OBE DL
National Council Member

Annabel Turpin
National Council Member and North Area Chair

Sukhy Johal MBE
Midlands Area Chair

David Bryan CBE
Chair, London Area Council
Founder and Director, Xtend (UK) Ltd.

Sir Nicholas Serota CH
Chair
Arts Council England

Senior leadership team

Meet our Senior Leadership Team, comprising of senior directors, and our Executive Board members.

Abid Hussain
Director, Diversity
(Senior Director)

Ian Matthews
Director, Human Resources and Estates
(Senior Director)

Michelle Walker
Area Director, London
(Senior Director)

Ruth Alaile
Director, Governance and Planning
(Senior Director)

Catherine Nesus
Director, Business Transformation

Irene Constantinides
National Director of Communication
(Senior Director)

Navees Rahman
Chief Finance and Resources Officer
(Senior Director)

Sanj Jagait
Chief Data Officer
(Senior Director)

Dr Darren Henley CBE
Chief Executive
(Executive Board Member)

Laura Dyer MBE
Deputy Chief Executive Places, Engagement & Libraries (Executive Board Member)

Peter Knott
Area Director, Midlands
(Senior Director)

Sathya Poduri
Chief Digital and Information Officer

Emmie Kell
Director of Museums and Cultural Property
(Senior Director)

Mags Patten
Executive Director Public Policy and Communication
(Executive Board Member)

Phil Gibby
Area Director, South West (Senior Director)

Simon Mellor OBE
Deputy Chief Executive, Arts and Museums (Executive Board Member)

Hazel Edwards
Area Director, South East
(Senior Director)

Michelle Dickson
Director, Strategy
(Senior Director)

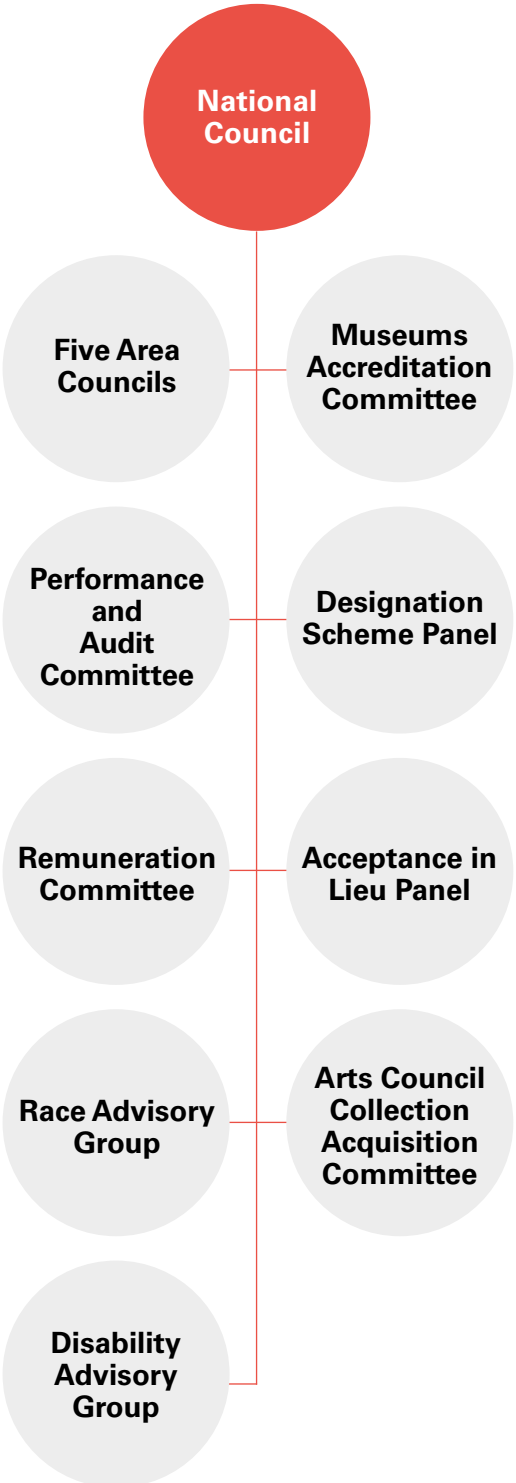
Rebecca Ball
Area Director, North
(Senior Director)

Richard Russell
Chief Operating Officer
(Executive Board Member)

Tonya Nelson
Executive Director, Enterprise & Innovation
(Executive Board Member)

Arts Council England's Non-Executive Governance Structure

Arts Council England's governance framework consists of a National Council, five Area Councils, an Executive Board, and a number of committees and panels. National Council has delegated responsibilities to Area Councils, panels and committees as shown below:



National Council

(15 members including the Chair)

Role

- Govern and hold overall authority for Arts Council England
- Retain overall responsibility for the work and conduct of the organisation
- Make decisions on Arts Council England's mission, objectives, priorities and strategies
- Make decisions on grants above a certain threshold
- Monitor delivery of ten-year strategic framework
- Approve corporate plan
- Approve Grant-in-Aid and Lottery accounts

Five Area Councils

(Chairs sit on National Council, 14 other members, including local authority reps, artists, and arts and culture practitioners)

Role

- Advise on policy and strategy
- Make decisions and recommendations on National Portfolio applications

Performance and Audit Committee

(Chair sits on National Council, four National Council members and three independent members)

Role

- Assess and advise on the organisation's financial risk, performance management, governance and value for money
- Performs the responsibilities of an Audit and Risk Assurance Committee

Remuneration Committee

(Chair sits on National Council, four other National Council members)

Role

- Make decisions on senior executive salaries, bonuses and other terms and conditions

Race Advisory Group

(Chairs sit on National Council/Area Council, Membership open to all National and Area Council members of Black, Asian or Ethnically diverse heritage, two reps from each area.

Role

- To advise Executive Board and National Council as it seeks to implement new strategy
- To highlight emerging issues and challenges for individuals of Black, Asian and Ethnically diverse heritage in the arts and culture sector and work with Executive Board and National Council to address them
- To review and monitor the impact of the Arts Council's policies, decisions and other actions

Disability Advisory Group

(Chair sits on National Council, Deputy Chair from an Area Council, Membership open to all National Council and Area Council members with lived experience of disability, deafness and/or neuro-divergence)

Role

- To advise Executive Board and National Council as it seeks to implement new strategy
- To highlight emerging issues and challenges for D/deaf, neuro-divergent and disabled people in the arts and culture sector including conscious and unconscious ableism, and work with the Executive Board and National Council to address these
- To review and monitor the impact of the Arts Council's policies, decisions and other actions on D/deaf, neuro-divergent and disabled people

Museums Accreditation Committee

(16-20 members)

Role

- Make decisions on Accreditation status and applications from museums and galleries in the UK
- Provide quality assurance
- Advocate for the Scheme

Designation Scheme Panel

(10 members)

Role

- Make decisions on Designation applications from museums, libraries and archives
- Provide quality assurance
- Advocate for the Scheme

Acceptance in Lieu Panel

(6-24 members)

Role

- Advise on items offered to the Nation in lieu of Inheritance Tax or through the Cultural Gifts Scheme, on Conditional Exemption and on Immunity from Seizure

Arts Council Collection Acquisition Committee

(8 members)

Role

- Advise on new additions to the Arts Council Collection with reference to the Acquisitions and Disposal and Collections Development policy

Non-Executive Governance

NATIONAL COUNCIL

MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience. Members commit to the Nolan principles and adherence to a Code of Conduct on appointment and receive an induction and regular briefings on key strategic issues.

The composition of National Council in 2024/25 was as follows:

Sir Nicholas Serota CH
(CHAIR)
Helen Birchenough
(SOUTH WEST AREA COUNCIL CHAIR)
David Bryan CBE
(LONDON AREA COUNCIL CHAIR)
Sukhy Johal MBE
(MIDLANDS AREA COUNCIL CHAIR)
Sally Shaw MBE
(SOUTH EAST AREA COUNCIL CHAIR)
Annabel Turpin
(NORTH AREA COUNCIL CHAIR)
YolanDa Brown OBE
William Bush CBE
Andrew Miller MBE
Elisabeth Murdoch
(UNTIL 31 MAY 2024)
Abigail Pogson
Paul Roberts OBE
(UNTIL 30 NOVEMBER 2024)
Deborah Shaw
Phil Stokes
(FROM 1 DECEMBER 2024)
Andrew Lovett OBE
(FROM 1 DECEMBER 2024)
Baroness Fleet CBE (Veronica Wadley)

NATIONAL COUNCIL PERFORMANCE AND REVIEW OF EFFECTIVENESS IN 2024-25

National Council undertakes an evaluation of its effectiveness each year. Once every three years the review is led by an external facilitator. The next external facilitated review is due in 2025/26. This year's Board Effectiveness Review was led by the Chair of National Council. It comprised of three elements:

- A consideration of progress on previously agreed actions
- A discussion of its effectiveness at a meeting, prompted by the 15 areas identified in the Cabinet Office Guidance[1]
- A review of National Council's Terms of Reference.

During the discussion National Council reflected on the context that the Arts Council had been operating in 2024/25 and how it had responded to the contextual environment. Such as the ongoing financial and other pressures facing the arts, museums and libraries; the change in government; the Autumn budget settlement for the sector and the Arts Council; the impending Comprehensive Spending Review, the Arts Council England Review, and the Devolution White Paper.

It was noted that an appraisal of the Chair had been undertaken in November 2024 ahead of the Chair's re-appointment. In addition, during the year effectiveness reviews had also been undertaken by National Council's Performance and Audit Committee and the five Area Councils. National Council had also considered the next steps for the time limited Race and Disability Advisory groups that it had set up in 2020, and in view of their significant

[1] https://www.gov.uk/government/publications/arms-length-body-boards-guidance-on-reviews-and-appraisals/board-effectiveness-reviews-principles-and-resources-for-arms-length-bodies-and-sponsoring-departments

contributions to date, and important ongoing role it decided to make them permanent standing committees of National Council.

Items considered by National Council over the year had included:

- The National Portfolio Programme: design and timing of the next round and the approach to National Portfolio extensions
- Income Forecasts, Programme Budgets and Lottery Balance Policy
- Opportunities for Enterprise & Innovation
- Quarterly Investment Risk Reports
- **Delivery Plan 2021-24 Report**
- Music Hubs
- Priority Places Evaluation
- Creative People and Places Programme
- Devolution White Paper
- Supporting Governance & Leadership in the Sector
- The **Delivery Plan** for 24-27, which outlined how the Arts Council can contribute to the Government's 5 missions
- Update on the Inclusion Review and Transformation proposals
- Outcome of the Art's Council's Inclusion work over the last 5 years
- Simplification of the Arts Council's Processes and Transformation proposals
- Incentivising Touring
- Arts Council Collection Management with a visit to the Arts Council Collection Stores
- Arts Council Donations & Sponsorship Policy

National Council concluded that it was continuing to provide effective leadership, support and scrutiny to the Executive team. Material produced to inform decision making was also considered to be well-written, comprehensive and well-supported by data. Priorities for 2025-26 were identified as: continuing to implement **Let's Create**; championing the intrinsic value of arts and culture, the transformative effect it can have on our communities and its contribution to economic growth; responding to the Arts Council England Review; adapting to local and regional government changes; recruiting 4 new members and eventually a new Chair for National Council.

National Council attendances

National Council normally meets six times a year; however in 2024/25 there were additional meetings to accommodate decision making for the next National Portfolio Organisation investment process.

NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	9/9	–	1/1
Helen Birchenough	9/9	4/4	1/1
YolanDa Brown OBE	8/9	–	–
David Bryan CBE	9/9	–	–
William Bush CBE	9/9	4/4	1/1
Sukhy Johal MBE	8/9	–	–
Andrew Miller MBE	9/9	–	–
Elisabeth Murdoch	0/1	–	–
Andrew Lovett OBE	3/3	–	–
Abigail Pogson	9/9	4/4	1/1
Paul Roberts OBE	5/6	3/3	1/1
Deborah Shaw	9/9	–	–
Sally Shaw MBE	9/9	–	–
Phil Stokes	3/3	1/1	–
Annabel Turpin	9/9	–	–
Veronica Wadley CBE	8/9	–	–
INDEPENDENT MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Penny Ciniewicz CB	–	2/4	–
Guillaume Fleuti	–	3/4	–
Clive Parritt	–	2/2	–
Tracy Staines	–	2/2	–
Claire Harvey	–	2/2	–
Julie Parker	–	2/2	–

ELISABETH MURDOCH AND PAUL ROBERTS BOTH LEFT NATIONAL COUNCIL IN 2024, AND ANDREW LOVETT AND PHIL STOKES JOINED IN DECEMBER 2024. THEIR TOTALS ABOVE THEREFORE REFLECT THE NUMBER OF MEETINGS THEY ATTENDED DURING THEIR PERIOD OF SERVICE.

* Performance and Audit Committee attendance is inclusive of four meetings from 11 June 2024 to 6 March 2025. Clive Parritt and Tracy Staines left the Performance and Audit Committee in September 2024. Claire Harvey and Julie Parker were appointed in September 2024.

COMMITTEES AND SUB-COMMITTEES

Area Councils

There are five Area Councils covering the breadth of England and reflecting Arts Council England's operational structure, appointed to assist National Council in developing, championing and investing in the arts and culture.

They support and promote the organisation's mission and objectives by providing advice on draft policies, making funding decisions and acting as advocates for the arts and culture, and creating a live connection at an area level.

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet up to five times a year. The Chairs also meet collectively at least once per year with the National Council Chair.

Performance and Audit Committee

National Council has appointed a Performance and Audit Committee to review and report on the systems of risk and internal control, governance and performance management.

The Performance and Audit Committee was chaired by Paul Roberts, a member of National Council until 30 November 2024. Phil Stokes assumed the role of Chair on 1 December 2024 when he was appointed as a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year. The Performance and Audit Committee is comprised of four National Council members and four independent members.

The Committee holds four meetings a year. Performance and Audit Committee provides assurance on internal audit, management accounts and risk. The Committee also gives scrutiny to annual reports on health and safety, grant withdrawals, investment risk, information security risk, HR and fraud, as well as to operational performance management.

The Performance and Audit Committee planned to review their priorities for 2024/25, including: upholding its independence through an annual standing item for committee members and auditors to hold discussions without the Executive present; maintaining the balance of skills within the Committee; continuing to develop the progress made on the Performance remit of the Committee through deep dives on the agenda; ensuring the quality of reports presented is maintained; and using the proposed away day to further reflect on how the Committee can improve. An additional priority for the Committee was to provide assurance that the structure and methodology for the next National Portfolio Organisations (NPO) round had been finalised.

The Performance and Audit Committee undertook an annual self-evaluation of its effectiveness in March 2025. The self-evaluation incorporated reflective work the Committee had undertaken at an away day in October 2024. Members were appreciative that outcomes from the review in March 2024 had been addressed. Again, for this review the National Audit Office Audit and Risk Assurance Committee effectiveness tool was provided for use as a framework. The priorities for the upcoming year 2025/26 will include: carrying out effectiveness work at an away day using the NAO ARAC Effectiveness Tool; reviewing the Performance and Audit Committee Terms of Reference to confirm and refresh how the Committee's delegated authority works in practice and how the relationships between the Arts Council and the Department for Culture, Media and Sport, and National Council, Area Councils and Performance and Audit Committee operate; considering the wider narrative communicated by the public and organisations served by the Arts Council to continue to build on the performance aspect of the Committee; providing a perspective on

the strategic risks and opportunities which accompany the Arts Council England Review; and to continue to receive updates on the National Portfolio Investment Process to aid in the consideration of any developing problems or risks.

Remuneration Committee

National Council has appointed a Remuneration Committee to deal with the matters set out in the Remuneration Report. The Remuneration Committee normally meets annually. Further details on this committee can be found in the Remuneration Report.

Acceptance in Lieu Panel

The Acceptance in Lieu (AIL) Panel is a subcommittee of the Arts Council's National Council. It provides expert advice to UK Ministers on the suitability of objects offered under the Acceptance in Lieu (AIL) and Cultural Gifts Schemes (CGS) and on the pre-eminence of objects proposed for Conditional Exemption. The Panel also advises the Ministers on the appropriate allocation of items accepted under AIL and CGS, other than manuscripts, to museums and galleries across the United Kingdom. Importantly, the Panel is responsible for assessing the financial value of objects offered under the AIL and CGS schemes and advising on their condition. The AIL scheme is one of the Statutory Functions delivered by the Arts Council on behalf of DCMS, and the Arts Council is accountable to DCMS for the AIL scheme.

Race Advisory Group

The Race Advisory Committee was set up to advise the Arts Council as it seeks to deliver **Let's Create**, to challenge racism and promote race equality within the sector and support sector recovery in response to continued inequalities exacerbated by the Pandemic. The Committee continues to support our work across our **Delivery Plans**, our Inclusivity & Relevance Investment Principle, our 2024-27 equality objectives and investment programmes, and to monitor the impact of our policies and decisions on race equality.

Disability Advisory Group

The Disability Advisory Committee was set up to advise the Arts Council as it seeks to deliver **Let's Create**, to examine and respond to the issues and challenges facing disabled, neurodivergent and deaf people working across the arts and culture sector, and to support the continued recovery of the sector in response to identified inequalities in the wake of the Pandemic. As with the Race Advisory Committee it continues to support our work across our **Delivery Plans**, our Inclusivity & Relevance Investment Principle, our 2024-27 equality objectives and investment programmes, and to monitor the impact of our policies and decisions on disabled people.

Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

As Arts Council England's Accounting Officer, the Chief Executive is responsible for its overall efficiency and effectiveness and has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the internal auditors, the Deputy Chief Executives, and Executive Directors within Arts Council England, and comments from the external auditors in their management letter and other reports. The Accounting Officer may, on occasion, be required to give evidence to Parliament's House of Commons Public Accounts Committee.

Executive Board comprises of the Chief Executive, two Deputy Chief Executives, and four other Executive Directors. The Chief Executive is appointed by National Council with the approval of the Secretary of State for Culture, Media and Sport (DCMS).

Executive Board meets formally throughout the year to consider key policy, strategic and operational matters, and to provide advice to National Council. It also oversees the financial performance and risk management of Arts Council England as a whole. Appropriate management structures have been created throughout the organisation to assist Executive Board members to oversee their respective departments and areas of responsibility.

Executive Board is supported by a Management Board, a Transformation Board and a National Investment Panel, whose membership includes a Deputy Chief Executive and the five Area Directors, and other panels and decision-making groups.

There are written terms of reference and procedures for National Council and its sub-committees and Executive Board.

MEMBERSHIP OF EXECUTIVE BOARD IN 2024/25

NAME	JOB TITLE
Dr Darren Henley CBE	Chief Executive
Laura Dyer MBE	Deputy CEO, Places, Engagement & Libraries
Simon Mellor OBE	Deputy Chief Executive, Arts & Museums
Mags Patten	Executive Director, Communication & Public Policy
Navees Rahman	Chief Finance and Resources Officer
Richard Russell	Executive Director and Chief Operating Officer
Tonya Nelson	Executive Director, Enterprise & Innovation

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

National Council ensures there are effective arrangements for internal control including risk management at Arts Council England. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and yet economically.

The Arts Council takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe that it is important that we support and encourage innovation and can take managed risks in support of our mission.

We identify and manage risk at three levels:

— strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes

— operational: risks to the delivery of the themes set out in our **Delivery Plan**

— programmes/projects risk: risks to the delivery of individual programmes, projects and to particular areas of our work

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives.

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion arts and culture.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. None of these can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

Acceptance of risk is always subject to ensuring that potential benefits and opportunities – and risks – are fully understood before decisions are made, and that sensible measures to mitigate risk are established.

System for managing risk

The Department for Culture, Media and Sport (DCMS) has designated the Chief Executive of Arts Council England as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation. Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how Arts Council England monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

Arts Council England has in place a wide range of policies dealing with control issues for corporate governance, financial management (including counter fraud), project management, health and safety, training and development, information technology, and risk management, all of which are reviewed and updated periodically as part of the organisation's business planning process.

Arts Council England operates a range of controls over the funding programmes it operates to ensure the grant funding provided is used for the purposes intended. These controls are designed to be commensurate with the level of risk associated with each funding programme and the organisation's appetite for risk. The controls include ensuring signed funding agreements are in place, monitoring payment conditions before payments are released, reviewing activity returns and regularly monitoring risks to funded organisations.

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually. Our Risk management process aligns closely to the Orange Book principles with no significant deviations.

During 2024/25, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter. The process is also iteratively improved across each year, exemplified in 2024/25 by the increasing role of data in consideration of risks, improved flow between the operational and strategic register, and an emerging process of managing opportunities alongside certain risks as we gain a better understanding of risks and opportunities across our operations and the sector.

We reported quarterly to Executive Board and Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis, with progress on implementing relevant controls and mitigating actions reported to the Management Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

Details of key risks and uncertainties affecting our organisation and the sector can be found on page 31.

Data security and personal data

Arts Council England continues to maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

During 2024/25, there were 34 incidents reported involving data at the Arts Council. All of these were considered to be minor incidents which did not require escalating to the Information Commissioner's Office (ICO). The Arts Council dealt with all incidents immediately after they were identified; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

Our Senior Information Risk Owner chairs the Information Governance Subcommittee which oversees the framework and processes in place to monitor information assets and associated risks along with developing a culture of awareness among all staff. The subcommittee is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. There were no whistleblowing claims made during 2024/25.

UK sanctions against Russia and Belarus

As a result of the war in Ukraine, Government departments were asked to review their business arrangements to ensure that they were not involved in any contracts or transactions which would breach the sanctions placed on certain individuals who were deemed to have close links with the Russian government. Arts Council England reviewed its finance and grants systems and confirmed that no transactions had taken place with sanctioned individuals or organisations. The Arts Council issued a statement on the Russian invasion of Ukraine on 11 March 2022 which can be read here.

Cyber Security

Arts Council England continues to invest in Cyber Security to manage the risk posed to its operations by cyber attacks. In the 2024/25 financial year, this involved the appointment of a full time dedicated Cyber Security Officer who is responsible for managing cyber capabilities including phishing, penetration testing, cyber risk management and assurance, and establishing a dedicated cybersecurity programme to implement the Government Cyber Security standards including Cyber Essentials, GovAssure and Secure by design.

Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including Arm's-Length Bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services. Compliance with the standards is assured through the multi-year internal audit programme, which ensures that over several years there is an audit of all functional standards. Any areas of non-compliance identified are raised as actions within the audit report and the discharge of the actions monitored by the audit committee.

Conflicts of interest

As a public body we have a code of ethics that makes sure all staff adhere to the Seven Principles of Public Life, the Bribery Act 2010 and the Government rules on code of conduct in non-departmental public bodies. In particular, staff are required:

1. to act, and be seen to act, with independence and impartiality while working for the Arts Council
2. to take steps to avoid conflicts of interest, by registering and declaring any conflicts between personal interests and the work of the Arts Council as they arise.

A register of interests for all National Council and Executive Board members is available at the following link:

https://www.artscouncil.org.uk/national-council/national-council-register-interests

In March 2021 the Government also issued the *12 Principles of Governance for all Non-Executive Directors of Public Bodies*.

https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

Internal audit

The annual programme of internal audit work is carried out by an external firm of accountants to standards defined in the Public Sector Internal Audit Standards. The work of internal audit is informed by the risk register, an assessment of the assurance requirements – particularly on the most significant risks facing Arts Council England – and the key day-to-day processes and systems in place. The annual internal audit plan is based on this analysis. It is endorsed by Management Board and approved by the Performance and Audit Committee. The internal auditors receive all Performance and Audit Committee papers and attend the Performance and Audit Committee meetings.

They provide periodic progress reports including the findings of follow-up reviews, building up to an annual report on internal audit activity. This annual report includes the internal auditors' opinion on the overall adequacy and effectiveness of the systems that internal audit have reviewed. The Performance and Audit Committee reviews and discusses the progress report and the annual assurance report. Internal audit services are being provided by RSM.

In their 2024/25 annual report, RSM stated that, in their opinion:

> "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective."

Counter Fraud

Arts Council England is committed to protecting public funds against all attempts made to perpetrate fraud, bribery and corruption within its finances, grant programmes and operations, both internally and externally. Minimising fraud, bribery and corruption (including error) is essential to ensure our resources are used for delivery of our essential work supporting cultural individuals and organisations. Our strategy and policy shows our determination to ensure that every penny we spend is used for the purposes intended. It is a living document with continual adaptation (reviewed every two years) to ensure we have an integrated, organisation-wide approach to tackling fraud.

The strategy and policy applies to:

— all Arts Council England employees

— all staff placed through agencies, eg interims, contractors, temporary staff

— all Arts Council England suppliers

— any other parties who have a business relationship with Arts Council England

The strategy aims to provide Arts Council employees and other businesses associated with the Arts Council a guide on what fraud and bribery is, what their responsibilities are to prevent fraud, bribery and corruption, and how to report it. The overall aims of

this policy are to:

— improve the knowledge and understanding of fraud and bribery for everyone at the Arts Council, irrespective of their position

— emphasise the zero-tolerance approach taken by the Arts Council with regards to fraud, bribery and corruption

— build and promote an open culture and environment where employees feel able to raise their fraud and bribery concerns

— ensure appropriate action is taken against fraud and bribery utilising a risk-based approach, which includes prevention, deterrence, detection, measurement, investigation and sanctions

— highlight key risks the Arts Council faces in relation to fraud and bribery, and how these risks are managed

— define how the Arts Council measures success in its fight against countering fraud and bribery

One case of confirmed fraud was detected in the 2024/25 financial year totalling £22,500, 46 cases of applicant error totalling £213,171.38 and one case of Arts Council England error totalling £31,731. Corrective action has been or is being taken in all cases. The Counter Fraud Team issued 16 grant withdrawals totalling £1,050,435. Arts Council England utilise internal reports and analytics to identify fraud, in addition to intelligence received from a range of other sources including the public and other Government bodies. In addition, fraud risk assessments are drawn up for all grant schemes to identify risks, controls, and implement new countermeasures where necessary to alleviate risk and strengthen controls. In addition, in August 2024 the Arts Council onboarded CIFAS to improve fraud prevention and detection capabilities.

Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Assessment of the effectiveness of internal control during 2024/25

The effectiveness of the Arts Council's internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit Committee. This is supported by a programme of internal audit reviews.

For 2024/25, internal audit completed reviews of the following areas:

1. Mystery Shopper
2. Creative People and Places
3. Employee Wellbeing
4. Assurance Framework
5. NPO Data Reporting
6. National Lottery Project Grants
7. Payroll
8. Follow up
9. Government Functional Standard – Grants
10. Government Functional Standard – Project Delivery

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2024/25 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.

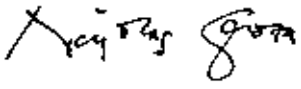
Parliamentary Accountability & Audit Report

To comply with the requirements of the Government Financial Reporting Manual (FreM) we have disclosed the following items elsewhere within the Annual report & Accounts.

(i) (Losses & Special payments (pages 163 and 215)

(ii) Certificate of Comptroller & Auditor General (pages 133 and 187)

Dr Darren Henley CBE
Chief Executive
9 JULY 2025



Sir Nicholas Serota CH
Chair
9 JULY 2025

GRANTS TO LOCALLY GOVERNED ORGANISATIONS

All grants awarded by Arts Council England are subject to funding agreements with clearly laid out terms and conditions. We satisfy ourselves that relevant conditions are met before payment is made.

PUBLIC SECTOR INFORMATION

On 1 April 2009 Arts Council England became a provider of official statistics under the extended scope of the Statistics and Registration Act 2008. This means that when Arts Council England produces, manages and disseminates official statistics we strive to abide by the Code of Practice for Official Statistics published by the UK Statistics Authority in January 2009.

The code sets out a number of important principles and practices to ensure that the official statistics meet the needs of Government and society and are both trustworthy and trusted.

BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2024/25,100 per cent of invoices were paid within 30 days (2023/24: 100 per cent) and we paid 98 per cent per cent of invoices within five days (2023/24: 97 per cent).

CORPORATE INFORMATION

Principal address as at 31 March 2025
The Hive
47 Lever Street
Manchester
M1 1FN

Banker
Government Banking Service
National Westminster Bank plc
Premier Place
Devonshire Square
London
EC2M 4BA

Auditor
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Administrators, actuaries and investment advisers to the Arts Council Retirement Plan

Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

Administrators, actuaries and investment advisers to the West Yorkshire Pension Fund

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors
A number of specialised solicitors have been appointed to our external solicitor pool.

Remuneration and staff report 1 April 2024 – 31 March 2025

PART-AUDITED INFORMATION

The remuneration report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts. The salary and pension disclosures for senior staff, the disclosures required by the Hutton Review and the Compensation scheme – Exit Packages have been audited.

THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting on 20 November 2024 where decisions were taken about Executive Board and CEO salary increases for 2024/25 and bonus payments in respect of performance in 2023/24, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), William Bush, Abigail Pogson, and Helen Birchenough.

Executive Board and CEO pay decisions are governed by HMT guidance for the approval of senior pay. The Remuneration Committee makes performance bonus decisions on the basis of a verbal report by the CEO on the performance of Executive Directors and a verbal report by the Arts Council Chair on the performance of the CEO. With regard to consolidated annual pay increases awarded to the CEO and Executive Directors, consideration is also given to aligning this within the amounts permissible in the annual public sector pay remit applicable to the wider staff body.

The Remuneration Committee reviews the Register of Interests for the Executive Board twice per year and can provide advice to the Chief Executive and the Chair of National Council on any conflict of interest issues. In the year, it did not find any conflict of interest.

COUNCIL MEMBERS' REMUNERATION (AUDITED)

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members,

who are also Area Council Chairs, and our National Chair. Remuneration amounts are set by the Department for Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also Chairs of Area Councils were entitled to remuneration of £7,525 each per annum during 2024/25 (2023/24: £7,167). During 2024/25, five members of National Council served as Area Council Chairs. The Chair's salary for the period 2024/25 was £40,000 (2023/24: £40,000). Remuneration and expenses paid to National Council members are shown in the table on the next page.

NATIONAL COUNCIL MEMBERS	POSITION	SALARIES	EXPENSES	TOTAL 24/25	TOTAL 23/24
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£2,718	£42,718	£42,417
Sally Shaw MBE	Chair – South East Area Council	£7,525	£298	£7,823	£2,389
Annabel Turpin	Chair – North Area Council	£7,525	£1,216	£8,741	£2,429
David Bryan CBE	Chair – London Area Council	£7,525	£107	£7,632	£7,167
Helen Birchenough	Chair – South West Area Council	£7,525	£1,590	£9,115	£10,167
Sukhy Johal MBE	Chair – Midlands Area Council	£7,525	£1,511	£9,036	£8,705
Andrew Lovett OBE	Member (started 1 December 2024)	£0	£0	£0	£0
Andrew Miller MBE	Member	£0	£1,787	£1,787	£1,045
Elisabeth Murdoch	Member (resigned 31 May 2024)	£0	£0	£0	£0
Paul Roberts OBE	Member (resigned 30 November 2024)	£0	£0	£0	£1,156
Bill Bush CBE	Member	£0	£0	£0	£0
YolanDa Brown OBE	Member	£0	£0	£0	£0
Abigail Pogson	Member	£0	£784	£784	£427
Deborah Shaw	Member	£0	£0	£0	£0
Baroness Fleet, Veronica Wadley CBE	Member	£0	£576	£576	£362
Professor Roni Brown	Member (resigned 30 November 2023)	£0	£0	£0	£4,954
Phil Stokes	Member (started 1 December 2024)	£0	£194	£194	£0
Kate Willard OBE	Member (resigned 30 November 2023)	£0	£0	£0	£4,877
Other expenditure		–	£8,465	£8,465	£16,983
		£77,625	**£19,246**	**£96,871**	**£103,078**

MEMBERS RESIDE IN DIFFERENT PARTS OF THE COUNTRY AND THEREFORE THEIR EXPENSES WILL VARY ACCORDINGLY THERE IS CURRENTLY ONE VACANCY FOR NATIONAL COUNCIL MEMBER.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

For 2024/25, the Arts Council's Remuneration Committee awarded a 5 per cent consolidated annual salary increase for the Executive Board. This is in line with the annual pay increase awarded to staff for the year. The Remuneration Committee also agreed a non-consolidated performance bonus of £2,000 for each Executive Director who had completed a full year of service in 2023/24. However, they opted to take only £270 of this (this is in line with the bonus awarded to other staff in the year) and the remainder of the balance from the £2,000 was donated to the Arts Council's Staff Development Fund. The CEO was awarded a non-consolidated performance bonus of £17,499 for 2023/24, which he opted not to receive. £12,000 of this sum was distributed to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from backgrounds where it is unusual to enter higher education. The remaining amount was distributed to the Arts Council's Staff Development Fund.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley CBE Chief Executive	**2024/25** 2023/24	158 150	– –	– –	30 28	**188** **178**
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	**2024/25** 2023/24	140 134	– –	– –	26 25	**166** **159**
Simon Mellor OBE Deputy CEO (Arts & Museums)	**2024/25** 2023/24	140 134	– –	– –	26 25	**166** **159**
Tonya Nelson* Executive Director (Enterprise & Innovation)	**2024/25** 2023/24	125 92	– 2	– –	23 17	**148** **111**
Navees Rahman Chief Finance & Resources Officer	**2024/25** 2023/24	125 120	– –	– –	23 22	**148** **142**
Mags Patten Executive Director (Public Policy & Communications)	**2024/25** 2023/24	125 120	– –	– –	23 22	**148** **142**
Richard Russell Chief Operating Officer	**2024/25** 2023/24	124 120	– –	– –	23 22	**147** **142**

* TONYA NELSON'S 2023/24 SALARY RELATES PARTLY TO HER EXEC BOARD ROLE AND PARTLY TO HER PREVIOUS AREA DIRECTOR ROLE.

FAIR PAY DISCLOSURES (SUBJECT TO AUDIT)

The Hutton Review asks organisations to disclose the median salary of Arts Council England's staff and the ratio between this and the salary of the highest paid Director. The following calculation is based on the full-time equivalent staff number at the reporting period end date on an annualised basis and compares this to the normal annual remuneration of the Arts Council's CEO, Darren Henley.

FAIR PAY DISCLOSURES

	2024/25 £	2023/24 £
Highest paid Director's salary	**157,223**	149,736
Percentage increase from previous year	**5.0%**	0%
Median salary	**36,987**	35,225
Percentage increase from previous year	**5.0%**	4.5%
Ratio	**4.25**	4.25
Upper quartile	**49,045**	46,709
Percentage increase from previous year	**5.0%**	4.5%
Ratio	**3.21**	3.21
Lower quartile	**32,163**	30,633
Percentage increase from previous year	**5.0%**	2.6%
Ratio	**4.89**	4.89
Performance Bonus	**270**	266
Percentage increase from previous year	**1.5%**	6.4%

THE RANGE OF STAFF SALARY DURING THE YEAR WAS £22,932 TO £157,223 (2023/24: £21,840 TO £149,736). THE HIGHEST PAID DIRECTOR'S SALARY INCREASED BY 5 PER CENT COMPARED WITH 2023/24 IN LINE WITH THE 5 PER CENT PAY AWARD WHICH ALL STAFF RECEIVED.

STAFF COSTS (SUBJECT TO AUDIT)

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
Staff costs comprise:					
Salaries and wages	28,256	2,773	-12,111	13,372	12,333
Employer's National Insurance	2,971	293	-1,276	1,402	1,260
Employer's pension contributions	4,862	499	-2,076	2,287	2,149
Redundancy Costs	43	38	-3	2	208
Agency staff	240	17	-119	104	114
	36,372	**3,620**	**-15,585**	**17,167**	**16,064**

EMOLUMENTS BY BANDS (SUBJECT TO AUDIT)

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below.

	PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	**DEFINED BENEFIT**	**DEFINED CONTRIBUTION**	**NO PENSION**	**TOTAL 2023/24**	**TOTAL 2023/24**
£60,000-£69,999	**34**	**–**	**–**	**34**	30
£70,000-£79,999	**6**	**1**	**–**	**7**	9
£80,000-£89,999	**6**	**1**	**–**	**7**	7
£90,000-£99,999	**10**	**–**	**–**	**10**	9
£100,000-£109,999	**1**	**–**	**–**	**1**	–
£110,000-£119,999	**–**	**–**	**–**	**–**	1
£120,000-£129,999	**4**	**–**	**–**	**4**	3
£130,000-£139,999	**2**	**–**	**–**	**2**	2
£140,000-£149,999	**–**	**–**	**–**	**–**	1
£150,000-£159,999	**1**	**–**	**–**	**1**	1
				66	63

COMPENSATION SCHEME – EXIT PACKAGES (AUDITED)

Details of redundancies and other exit packages agreed during 2024/25 are as follows:

EXIT PACKAGE COST BAND	**2024/25**			2023/24		
	NUMBER OF COMPULSORY REDUNDANCIES	**NUMBER OF OTHER DEPARTURES AGREED**	**TOTAL EXIT PACKAGES DURING 2024/25**	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2023/24
< £9,999	2	–	**2**	1	–	1
£25,000 – £49,999	–	–	**–**	2	–	2
£50,000 – £99,999	1	–	**1**	2	–	2
Total number of exit packages by type	3	–	**3**	5	–	5
Total resource cost £000s	71	–	**71**	208	–	208

Redundancy and other departure costs have been paid in accordance with the provisions of the Arts Council's job security policy. The Arts Council pays exit costs when employment ends but provides for exit costs at the point when there is sufficiently detailed information to do so.

TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

In accordance with HM Treasury guidance on disclosure, the following disclosures set out the number of interim staff and the assurances given about tax status.

There were no new off-payroll engagements during 2024/25 for more than £245 per day.

There was one existing off-payroll engagement which reached six months in duration, between 1 April 2024 and 31 March 2025, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2024 and 31 March 2025.

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	–
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year	9

TRANSFER VALUES (ACRP SCHEME)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The calculation of the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Arts Council Retirement Plan. They also include any additional pension benefits accrued to the member as a result of buying additional pension benefits at their own cost. Transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

INCREASE IN TRANSFER VALUE (NET OF INFLATION) (AUDITED)

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2025 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2024/25 £000s	TRANSFER VALUE AT 31 MARCH 2025 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2024/25 £000s	TRANSFER VALUE AT 31 MARCH 2024 £000s
Dr Darren Henley CBE Chief Executive	30 (89)	3 (8)	248	12	255
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	64 (191)	4 (11)	775	34	786
Simon Mellor OBE Deputy CEO (Arts & Museums)	31 (94)	3 (8)	493	32	486
Tonya Nelson Executive Director (Enterprise & Innovation)	9 (28)	2 (7)	79	9	68
Mags Patten Executive Director (Public Policy & Communications)	30 (90)	3 (8)	284	11	291
Richard Russell Chief Operating Officer	55 (166)	3 (10)	689	31	692
Navees Rahman Chief Financial & Resources Officer	3 (10)	2 (5)	20	0	12

The above table shows the increase in transfer value that is funded by the employer net of the increase in accrued pension due to inflation. This increase also includes contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement or purchased via an Additional Voluntary Contribution contract) and uses common market valuation factors for the start and end of the period.

STAFF REPORT

In the year to 31 March 2025, the Arts Council staff headcount grew from 679 to 697. The full-time equivalent staff number changed from 629 to 649. Of these, 282 staff were based in area teams – for London, South East, Midlands, North and South West (working from nine offices across these areas to support the local arts and culture ecology) – and 415 were based in national teams (which include Communications, Corporate Functions, Arts and Culture specialist teams and the organisation's Investment team).

The organisation's voluntary leaver rate fell from 9.8 per cent in 2023/24 to 6.2 per cent in 2024/25. This year's figure is in line with general voluntary leaver levels for the organisation across the longer term. There were 43 voluntary leavers in 2024/25 and 17 non voluntary leavers – most of whom were the result of temporary roles coming to an end. During 2024/25 the staff sickness rate was 2.36 per cent (or 5.9 days per employee). This was slightly lower than in 2022/23 (2.53 per cent) and 2023/24 (2.40 per cent)

Looking at how these figures break down by different protected characteristic groups, the numbers of D/deaf or disabled colleagues stands at 16.6 per cent – which is the highest proportion since our records began in 2008. In 2022, our commencement of asking staff to self-report neurodiversity brings the total to 22.5 per cent if this is included. 18.7 per cent of colleagues identify as Lesbian, Gay, Bi, Queer or other sexual orientation – again the highest proportion since our records began. 12.2 per cent of staff were recorded as Black, Asian or Ethnically Diverse – which marks a small decrease in numbers on the previous year.

Nearly 71 per cent of our people are female. Our gender pay gap reporting works to the previous year end (which in this case was for 2023/24). The median gender pay gap increased from 4.7 per cent at 2023 year-end to 6.0 per cent at 2024 year-end. This reflects a higher proportion of female staff joining the organisation in pay grades at the lower end of our pay scales, while their proportions in the upper half of the pay bands remain relatively unchanged. While female staff represent 70.2 per cent of the headcount, they only represent 58.1 per cent of the highest pay quartile. This is a reflection of recruitment and promotion trends rather than any disparities between those employed in the same roles.

Both our mean and median ethnicity pay gap scores for 2023 were negative – meaning that the average pay for Black, Asian & Ethnically Diverse staff exceeds that for White British and European staff by 7 per cent and 5 per cent respectively. The Arts Council has to work within the public sector pay guidance by the Cabinet Office, which allowed a maximum consolidated staff pay increase of 5 per cent in 2024/25 (and this amount was paid to all staff). The organisation continues to be accredited as a Living Wage Employer and employed nine apprentices. The average learning and development spend per head was approximately £645, with 176 staff attending courses that formed personal development requests and 960 places filled on corporate-wide training courses. Possibly our most significant corporate course launch of the year was a line manager training programme ('We Lead') and 84 colleagues with line management responsibilities attended this. Important courses, with an approximately 90 per cent completion rate, included ones covering counter-fraud/anti-bribery, cyber security, diversity and inclusion, General Data Protection Regulations, sexual harassment awareness, and the social model of disability. Our Introduction to Data Literacy had a 73 per cent completion rate.

At the end on 2024/25 the organisation received its triennial Investors in People ('IiP') review and, as a result, it was re-accredited at Gold Standard. The review commented that noticeable improvements have been demonstrated in:

— a refreshed and energised leadership team

— a Transformation Board focussing on delivering more effective and efficient support to the sector

— investment in technology to enable greater accessibility and faster processing

— a refreshed performance management process

Reflecting on the IiP survey and interviews with colleagues, the reviewer made the following summary comments:

— 92 per cent of your people believe that the Arts Council has a positive impact on society. People are proud of the impact that their organisation has on the sector and the communities they support.

— Your people appreciate that there is a more inclusive and empowering culture and that recognition, feedback, communication, and consultation throughout the Arts Council has improved. The focus on performance management has seen the biggest improvement in survey results. 93 per cent of people feel they have agreed objectives with their line manager in the past 12 months, which is almost 20 per cent higher than three years ago.

— You have responded exceptionally well to the challenge of Government and minister changes in the past three years; maintaining the focus and motivation of the majority of staff.

— Your culture has become more consultative and collaborative, people are more aware of, and focused on, helping the Arts Council meet its aspirations. Email updates of EB meetings and Spotlight Sessions updating on recent discussions with the sector and Government are well received.

— Your communication is improving with a variety of interactions including:
  - Spotlights
  - Team chats
  - Transformation Board
  - Regular updates of consultation with DCMS

— People appreciate the flexible working culture at the Arts Council which enables them to balance work and life.

— Your people appreciate the friendly nature of the Arts Council and feel they are treated as individuals and cared for if they have personal challenges. Several employees have been with the Arts Council for many years, whilst more recent starters are unanimously impressed with the variety and responsibility they have experienced in comparison to their previous employers.

— A well designed and delivered management development programme, We Lead, is being rolled out effectively and followed up with action learning sets.

— There continues to be a strong culture of learning at the Arts Council with leadership role modelling development themselves.

— You show considerable commitment to your wider community, both as a committed supporter of the creative sector, and through a well-embedded ethos, which has Diversity, Equality & Inclusiveness at its core, reenforced buy a recent Inclusion review

— You provide excellent opportunities for staff to build their career at the Arts Council, as is reflected by the large number of employees who progress and flourish during their tenure.

— The continuous improvements over the past three years are an illustration of how the Arts Council has absorbed feedback to become a high performing one in several themes and thoroughly deserves its continued Investors in People Gold recognition.

The audited staff numbers in this report are disclosed within Note 5 of the Grant-in-Aid accounts.

TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect on 1 April 2017 and mean that public sector employers are now required to publish certain information on trade union officials and facility time in their annual report.

Facility time covers duties carried out for the trade union or as a union learning representative – for example, accompanying an employee to a disciplinary or grievance hearing. It will also cover training received and duties carried out under the Health and Safety at Work Act 1974.

The information for Arts Council England is as follows:

Relevant union officials

What was the total number of Arts Council England employees who were relevant union officials during the relevant period?

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL-TIME EQUIVALENT EMPLOYEE NUMBER
14	13.1

Percentage of time spent on facility time

How many of Arts Council England employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
0%	–
1-50%	14
51%–99%	–
100%	–

Percentage of pay bill spent on facility time

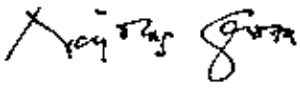
The figures below show the percentage of Arts Council England's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£21,382
Total pay bill	£36,088,946
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.06%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

Dr Darren Henley CBE
Chief Executive
9 JULY 2025



Sir Nicholas Serota CH
Chair
9 JULY 2025

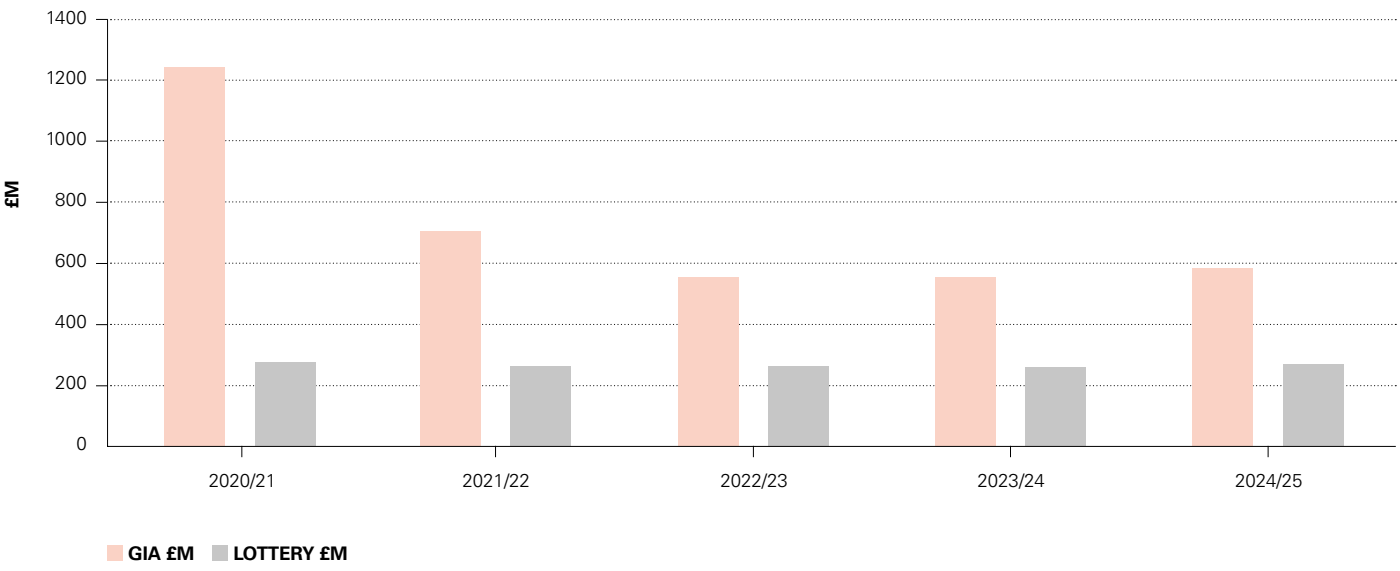
Strategic report

STRATEGIC REPORT
GRANT-IN-AID

Our income

Arts Council England receives Grant-in-Aid from the Department for Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £578 million for the year (2023/24: £548 million), which included £394 million for various revenue grants programmes and £56 million of capital funds to allocate as grants. It also included funding from the Department for Education of £81.8 million (2023/24: £81.2 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last five years. Lottery income has remained fairly level throughout the period; Grant-in-Aid income stayed at broadly the same level between 2023/24 and 2024/25.

OUR INCOME (£m)



GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2024/25:

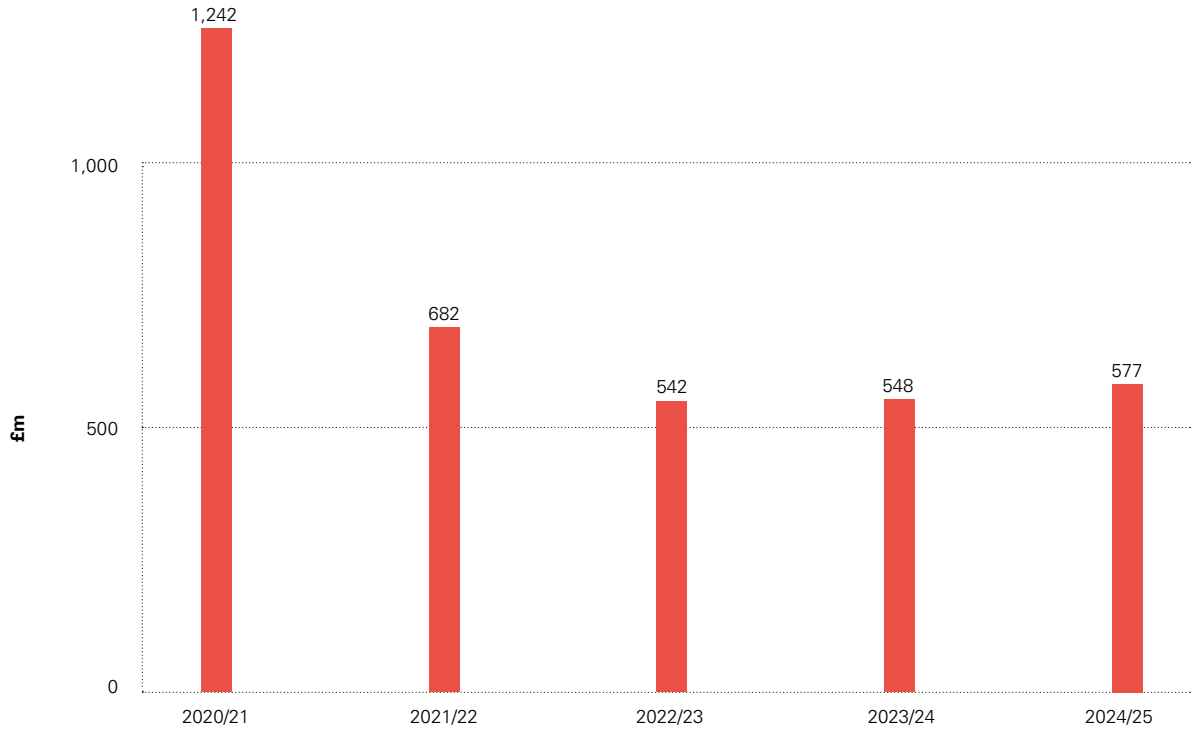
PROGRAMME	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
National Youth Dance Company	0.20	–
National Art & Design Saturday Club	0.13	–
Museums and Schools	1.20	–
Music Education Hubs	79.61	22.50
National Youth Music Organisations	0.52	–
Capital Investment Programme	–	11.36
City of Culture	3.50	0.50
Cultural Development fund	1.45	14.76
Museum Estate and Development fund (MEND)	–	23.78
Libraries Improvement Fund (LiF)	–	5.50
National Theatre	0.17	5.45
Regional Theatres, RTYDS	0.50	–
VE day Fund	3.00	–
Cultural Recovery Fund – admin	0.95	–
Competent Authority	0.05	–
Grassroots Music	2.29	–
Sadler's Wells Fund	3.53	–
	97.10	**83.85**

GRANT-IN-AID EXPENDITURE

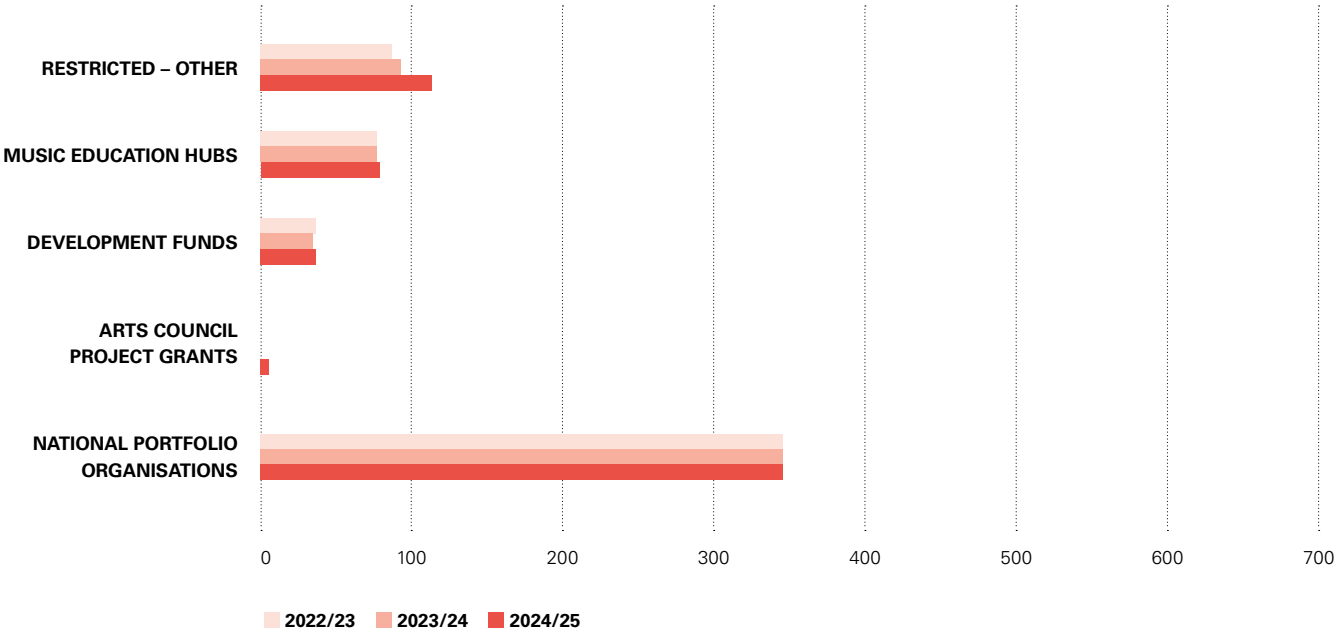
Our expenditure during 2024/25 increased by approximately £30 million compared to the previous financial year. This was mainly due to additional capital funding that we received from the Department for Education (DfE) for Music Education Hubs.

During 2024/25, £347 million was awarded to National Portfolio Organisations (2023/24: £347 million), £79 million to Music Education Hubs (2023/24: £78 million) and £114 million in other Restricted grants (2023/24: £94 million).

GRANT-IN-AID EXPENDITURE 2021-2025 (£m)



GRANT-IN-AID EXPENDITURE (£m)



As a non-departmental public body, we have a duty to stay within our departmental expenditure limits (DEL) budgets set by DCMS, irrespective of how the financial statements then translate when prepared under the Charities SORP.

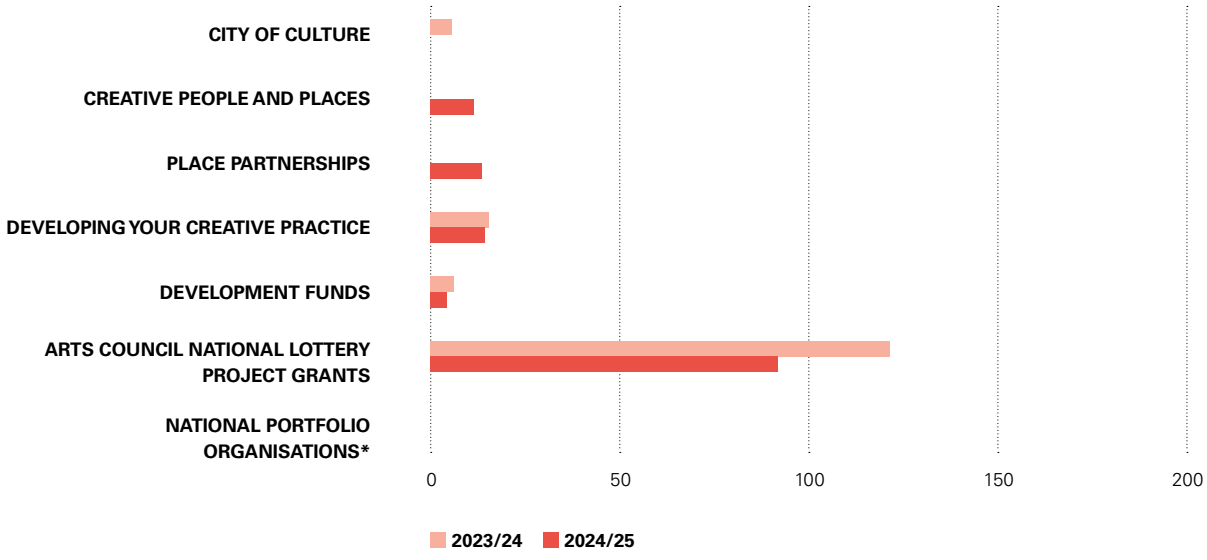
Our out-turn against our revenue DEL budgets, set by DCMS, is a £541,000 underspend (2023/24: £446,000 underspend). However, the Statement of Financial Activities shows net income for the year of £3,736,000 (2023/24: net income of £1,853,000).

The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to Capital expenditure, the treatment of provisions and depreciation. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance. Further information and a reconciliation are available in Note 28 of the Grant-in-Aid accounts.

At 31 March 2025, Arts Council England had unrestricted reserves of £2,244,000 (2023/24: £1,581,000) together with £11.4 million (2023/24: £11.1 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2024/25 were £85,000 including VAT (2023/24: £83,000 including VAT). Full details in relation to financial instruments are given in Note 26 to the Grant-in-Aid accounts.

LOTTERY EXPENDITURE (£m)



*NATIONAL PORTFOLIO ORGANISATIONS (NPO) WHICH ARE BEING FUNDED THROUGH THE LOTTERY DISTRIBUTION ACCOUNTS SHOWED THE FULL FOUR-YEAR COMMITMENT IN 2022/23 OF £428 MILLION, FOR ACTIVITY AND PAYMENTS WHICH WILL TAKE PLACE OVER THE PERIOD 2022-26. THIS IS WHY NO NPO GRANTS ARE SHOWN IN THE CHART ABOVE.

Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £136 million (2023/24: £192 million).

At year-end, a total of £212 million (2023/24: £339 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £157 million (2023/24: £175 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £212 million of Lottery grant commitments are known to be spread over a four-year period from 1 April 2025 to 31 March 2029.

Actual proceeds from the National Lottery received in 2024/25 were £250 million, higher than the £241 million received in 2023/24.

Our Lottery balance policy states that we should maintain a cash reserve (including funds held within the NLDF bank account) of between £50 million and £80 million in each year over the period to March 2026. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible as the sector recovers from the pandemic. Our Lottery balance exceeds this amount at year-end due to the need to hold cash for grants with longer-term cashflow requirements beyond 31 March 2025.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2024/25 (see pages 217 to 227).

Full details in relation to financial instruments are given in Note 19 of the Lottery distribution accounts.

Fees payable to the National Audit Office for Lottery external audit services during 2024/25 were £71,000 (2023/24: £69,000).

CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2024/25 and 2023/24 financial years.

	2024/25 £000s	2023/24 £000s
INCOME		
Grant-in-Aid income	**578,077**	548,207
Share of the National Lottery Distribution Fund	**250,259**	240,513
Investment returns on the Distribution Fund	**12,035**	11,719
Other income	**2,691**	2,627
Total income	**843,062**	803,066
EXPENDITURE		
Net Grant-in-Aid grant commitments	**542,459**	518,657
Other Grant-in-Aid arts expenditure	**11,081**	8,165
Net Lottery grant commitments	**133,290**	187,871
Lottery Invoiced Arts expenditure	**1,100**	1,164
Support costs	**43,155**	40,433
Total expenditure	**731,085**	756,290
Net gains/(losses) on investments	**61**	(43)
Net income/(expenditure)	**112,038**	46,733
Actuarial gains/(losses) on defined benefit pension schemes	**(927)**	(762)
	(927)	(762)
Net movement in funds	**111,111**	45,971
Consolidated reserves brought forward	**(152,346)**	(198,317)
Consolidated reserves carried forward	**(41,235)**	(152,346)

Administration costs are 5.04 per cent of income (2023/24: 4.93 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £22.6 million, which is 3.89 per cent of income (2023/24: 3.83 per cent). Lottery administration (excluding one-off IT costs) totalled £19.94 million, which is 7.59 per cent of income (2023/24: 7.34 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

PLANS FOR THE FUTURE

Our strategy, **Let's Create**, describes our vision that by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we periodically publish **Delivery Plans**. These set out in more detail the steps we will take to deliver **Let's Create** and how we will resource them. The first **Delivery Plan** covered 2021-24, and our second was published in November 2024, covering 2024-27. Its publication was delayed from April 2023 by the General Election. The **Delivery Plan 2024-27** is structured around our three Outcomes from **Let's Create**: Creative People, Cultural Communities, and A Creative and Cultural Country, as well as How the Arts Council Will Change. We will continue to update the Plan each year.

We also published an End of **Delivery Plan 2024-27 Report**, which takes stock of the progress we made towards our first **Delivery Plan's** Themes and towards realising **Let's Create**.

GOING CONCERN ASSESSMENT

The Trustees confirm that the Financial Statements have been prepared on a 'Going Concern' basis. This assumption is based on the funding agreement agreed with the Department for Culture, Media and Sport for 2025/26 and the current income forecasts relating to the National Lottery Distribution Fund.

STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under both the Royal Charter and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), Arts Council England is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of Arts Council England's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are prepared in line with the Government Financial Reporting Manual. Both sets of accounts are also expected to:

— observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a consistent basis, and make judgements and estimates on a reasonable basis

— state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements

— be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's-length bodies are set out in chapter three of *Managing Public Money*. Formally the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

The Accounting Officer signing off these accounts has gained assurance in the following ways:

— a meeting with the Chief Finance and Resources Officer to go through the financial controls

— attending Performance and Audit Committee meetings where internal audit reports are reviewed and other internal control matters are scrutinised

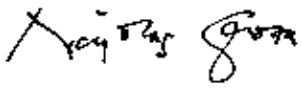
The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that, as far as he is aware, the annual report and accounts as a whole is fair, balanced and understandable and he takes responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, The Hive, 47 Lever Street, Manchester, M1 1FN.

Dr Darren Henley CBE
Chief Executive
9 JULY 2025



Sir Nicholas Serota CH
Chair
9 JULY 2025

Grant-in-Aid accounts

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE TRUSTEES OF THE ARTS COUNCIL ENGLAND AND THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of the Arts Council England (Grant-in-Aid accounts) for the year ended 31 March 2025.

The financial statements comprise the Arts Council England (Grant-in-Aid accounts):

— The Balance Sheet as at 31 March 2025;

— Statement of Financial Activities and Statement of Cash Flows for the year then ended; and

— the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

— give a true and fair view of the state of the Arts Council England (Grant-in-Aid accounts) affairs as at 31 March 2025 and its total income/(expenditure) before other recognised gains and losses for the year then ended;

— have been properly prepared in accordance with the Royal Charter and Charities Act 2011 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Arts Council England (Grant-in-Aid accounts) in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's (Grant-in-Aid accounts) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's (Grant-in-Aid accounts) ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Chief Executive with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report, but does not include the financial statements and my auditor's report thereafter. The Trustees and Chief Executive are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter and Charities Act 2011.

In my opinion, based on the work undertaken in the course of the audit:

— the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Royal Charter and Charities Act 2011; and

— the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England (Grant-in-Aid accounts) and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

— adequate accounting records have not been kept by the Arts Council England (Grant-in-Aid accounts) or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Performance Report and Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Royal Charter and Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees' and Chief Executive's Responsibilities, the Trustees and the Chief Executive are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Arts Council England (Grant-in-Aid accounts) from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the applicable financial reporting framework;
- preparing the Performance Report and Accountability Report, which includes the Remuneration and Staff Report, in accordance with HM Treasury's Government Financial Reporting Manual; and
- assessing the Arts Council England (Grant-in-Aid accounts) ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Chief Executive either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit and express an opinion on the financial statements in accordance with the Royal Charter and Charities Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud, is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

— considered the nature of the sector, control environment and operational performance including the design of the Arts Council England (Grant-in-Aid accounts) accounting policies;

— inquired of management, the Arts Council England (Grant-in-Aid accounts) head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England (Grant-in-Aid accounts) policies and procedures on:

  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England (Grant-in-Aid accounts) controls relating to the Arts Council England (Grant-in-Aid accounts) compliance with the Royal Charter, Charities Act 2011 and Managing Public Money;

— inquired of management, the Arts Council England (Grant-in-Aid accounts) head of internal audit and those charged with governance whether:

  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

— discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England (Grant-in-Aid accounts) for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and regularity of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the Arts Council England (Grant-in-Aid accounts) framework of authority and other legal and regulatory frameworks in which Arts Council England (Grant-in-Aid accounts) operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England (Grant-in-Aid accounts). The key laws and regulations I considered in this context included the Royal Charter, The Charities Act 2011, Managing Public Money, employment law and pensions legislation.

I considered the controls in place at the Arts Council England (Grant-in-Aid accounts) to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

— I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;

— I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

— I tested a sample of grant expenditure to gain assurance that grants had been spent on intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies
Comptroller and Auditor General
10 JULY 2025

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2025

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2a	**400,131**	**177,947**	**–**	**578,078**	548,207
Investments	2b	**–**	**–**	**22**	**22**	21
Charitable activities	3	**1,179**	**1,030**	**–**	**2,209**	2,158
Other: Lottery distribution accounts	4	**20,061**	**–**	**–**	**20,061**	18,764
Total income and endowments		**421,371**	**178,977**	**22**	**600,370**	569,150
EXPENDITURE ON:						
Charitable activities (including Governance costs)	4	**397,474**	**179,124**	**36**	**576,634**	548,490
Other: Support costs attributable to Lottery distributions accounts	4	**20,061**	**–**	**–**	**20,061**	18,764
Total expenditure		**417,535**	**179,124**	**36**	**596,695**	567,254
Net gains/(losses) on investments	9	**–**	**–**	**61**	**61**	(42)
Total income/(expenditure) before exceptional items		**3,836**	**(147)**	**47**	**3,736**	1,854
Total income/(expenditure) before other recognised gains and losses		**3,836**	**(147)**	**47**	**3,736**	1,854
OTHER RECOGNISED GAINS/LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	7	**(927)**	**–**	**–**	**(927)**	(763)
Net movement in funds	17	**2,909**	**(147)**	**47**	**2,809**	1,091
RECONCILIATION OF FUNDS						
Balance brought forward at 1 April		**14,075**	**1,032**	**757**	**15,864**	14,773
Total funds carried forward at 31 March		**16,984**	**885**	**804**	**18,673**	15,864

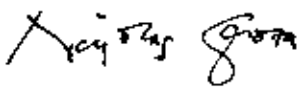
ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 141 TO 185 FORM PART OF THESE ACCOUNTS.

BALANCE SHEET AS AT 31 MARCH 2025

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2025 £000s	TOTAL 31 MARCH 2024 £000s
FIXED ASSETS						
Tangible assets	10	**5,064**	**–**	**–**	**5,064**	3,155
Heritage assets – Works of Art Collection	10	**9,677**	**–**	**–**	**9,677**	9,339
Investments	9	**–**	**–**	**804**	**804**	757
Total fixed assets		**14,741**	**–**	**804**	**15,545**	13,251
CURRENT ASSETS						
Debtors	12	**2,186**	**180,102**	**–**	**182,288**	174,218
Due from Arts Council Lottery accounts		**4,490**	**–**	**–**	**4,490**	4,139
Grants paid in advance	13	**3,755**	**–**	**–**	**3,755**	4,753
Cash and cash equivalents		**16,862**	**8,772**	**–**	**25,634**	32,773
Total current assets		**27,293**	**188,874**	**–**	**216,167**	215,883
LIABILITIES: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Grants outstanding		**17,534**	**185,731**	**–**	**203,265**	204,907
Creditors	15	**6,348**	**2,258**	**–**	**8,606**	7,263
Total creditors: amounts falling within one year		**23,882**	**187,989**	**–**	**211,871**	212,170
Net current assets		**3,411**	**885**	**–**	**4,296**	3,713
Total assets less current liabilities		**18,152**	**885**	**804**	**19,841**	16,964
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
Provisions for liabilities and charges	16	**1,168**	**–**	**–**	**1,168**	1,100
Net assets excluding pension liability		**16,984**	**885**	**804**	**18,673**	15,864
Defined benefit pension scheme liability	7	**–**	**–**	**–**	**–**	–
Net assets including pension liability		**16,984**	**885**	**804**	**18,673**	15,864
THE FUNDS OF THE CHARITY						
Represented by income funds						
Unrestricted fund	17	**2,244**	**–**	**–**	**2,244**	1,581
Restricted fund	17	**–**	**885**	**–**	**885**	1,032
Represented by capital funds	17					
Endowment funds		**–**	**–**	**804**	**804**	757
Designated fund		**9,677**	**–**	**–**	**9,677**	9,339
Donated asset reserve		**–**	**–**	**–**	**–**	–
Capital reserve		**5,063**	**–**	**–**	**5,063**	3,155
Pension reserve	7	**–**	**–**	**–**	**–**	–
Total charity funds		**16,984**	**885**	**804**	**18,673**	**15,864**

THE NOTES ON PAGES 141 TO 185 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
9 JULY 2025



Sir Nicholas Serota CH
Chair
9 JULY 2025

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

	NOTE	2024/25 £000s	2023/24 £000s
CASH FLOWS FROM OPERATING ACTIVITIES :			
Funds received from the Department for Culture, Media and Sport		**569,534**	495,330
Other cash receipts		**22,396**	21,872
Grants paid to arts organisations and other bodies		**(543,104)**	(493,601)
Cash paid to and on behalf of employees		**(37,299)**	(35,283)
Other cash payments		**(16,039)**	(13,199)
Net cash provided by/(used in) operating activities	18	**(4,512)**	(24,881)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on short-term cash deposits		**11**	9
Dividends received		**12**	12
Purchase of tangible fixed assets		**(2,663)**	(459)
Net cash provided by/(used in) investing activities		**(2,640)**	(438)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Endowment Income/(Investments)		**14**	(21)
Net cash provided by/(used in) financing activities		**14**	(21)
Change in cash and cash equivalents in the reporting period	19	**(7,138)**	(25,340)
Cash and cash equivalents at the beginning of the reporting period		**32,772**	58,112
Cash and cash equivalents at the end of the reporting period		**25,634**	32,772

THE NOTES ON PAGES 141 TO 185 FORM PART OF THESE ACCOUNTS.

NOTES TO THE GRANT-IN-AID ACCOUNTS

1a. BASIS OF ACCOUNTS

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in April 2024. The accounts are presented in accordance with the Charities SORP 2019 issued by the Charity Commission in 2019.

The accounts are prepared on a going concern basis and the historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for Arts Council England, the value of fixed assets (excluding heritage assets) expressed in current cost terms are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet.

Arts Council England does not own any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 129.

1b. INCOME

Grant-in-Aid from the Department for Culture, Media and Sport (DCMS) is taken to the Statement of Financial Activities in the year to which it relates. All other income is accounted for once entitlement is probable.

1c. EXPENDITURE

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in Note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received the Grant-in-Aid allocation. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Expenditure classified as activities undertaken directly relates to expenditure supporting the arts other than grants. This includes the cost of delivering major arts policies and projects. Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Governance costs comprise an apportionment of general administration expenditure based on an estimate of staff time and direct costs such as the cost of administering National Council and external and internal audit.

1d. DEPRECIATION AND FIXED ASSETS

Tangible fixed assets (excluding heritage assets)

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

— leasehold buildings: life of the lease
— fixtures and fittings: five years
— motor vehicles: five years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. All individual assets valued greater than £2,000 are capitalised.

Heritage assets

Arts Council England is guardian and trustee over a collection of heritage assets which is held in furtherance of our mission to champion, develop and invest in artistic and cultural experiences that enrich people's lives. The collection is accounted for as follows:

Works of Art Collection

The Works of Art Collection is accounted for on the historic cost basis. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are recorded at cost and donations are recorded with a nil value to represent the financial investment in the works. There is no *de minimis* limit for the capitalisation of purchased heritage assets.

1e. LEASES

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease. Lease incentives (eg rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

1f. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1g. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there is no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

All employers are legally required to enrol their staff onto a workplace pension scheme. As such we now also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension) if they choose not to join the Arts Council Retirement Plan.

1h. APPORTIONED COSTS

Arts Council England incurs administration costs that relate to activities funded from Grant-in-Aid and the National Lottery Distribution Fund. We are required to apportion these costs between the two areas on a full cost basis in accordance with good accounting practice.

In accordance with the Charities SORP we have apportioned administration costs between our different activities. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment. The notes to the statement of financial activities will show the costs apportioned to Arts Council England Lottery distribution accounts where appropriate.

1i. CHANGE IN ACCOUNTING POLICY

There have been no changes in accounting policy during 2024/25.

1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. Further information on our financial instruments is disclosed within Note 26.

1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset. Arts Council England has not needed to exercise these options during 2024/25.

2 INCOME

2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
DONATIONS AND LEGACIES					
CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL					
Core funding – revenue	**380,837**	**–**	**–**	**380,837**	373,781
Administration	**16,246**	**5,039**	**–**	**21,285**	20,584
Core capital	**3,047**	**–**	**–**	**3,047**	417
Ring-fenced funds	**–**	**172,908**	**–**	**172,908**	153,425
	400,130	**177,947**	**–**	**578,077**	548,207
OTHER DONATIONS AND LEGACIES					
Donations/Bequests	**1**	**–**	**–**	**1**	–
Donations and Legacies income	**400,131**	**177,947**	**–**	**578,078**	548,207

2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
INVESTMENT INCOME					
Bank interest received	–	–	**11**	**11**	9
Dividend income	–	–	**12**	**12**	12
Investment income	–	–	**23**	**23**	21

3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
GRANTS, SPONSORSHIPS AND DONATIONS RECEIVED				
Local Authorities	**35**	**95**	**130**	87
Other central Government bodies	**1,081**	**338**	**1,419**	1,321
Public Corporations	–	–	–	5
Sundry	**63**	**597**	**660**	744
Net incoming/(outgoing) resources for the year	**1,179**	**1,030**	**2,209**	2,157

4. ANALYSIS OF EXPENDITURE

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
National Portfolio Organisations	–	342,305	4,235	**346,540**	346,798
Arts Council National Lottery Project Grants	–	6,169	165	**6,334**	1,474
Development and investment funds	11,081	21,218	5,524	**37,823**	34,993
Music Education Hubs	–	76,105	2,769	**78,874**	78,083
Restricted – Other	–	103,392	10,400	**113,792**	93,689
Lapsed and revoked commitments	–	(6,729)	–	**(6,729)**	(6,547)
	11,081	**542,460**	**23,093**	**576,634**	548,490

National Portfolio Organisations are those organisations of strategic importance with which the Arts Council has long-term, multi-year funding agreements. Development funding and activities are those specific projects funded by grants and direct arts expenditure. They provide essential leverage for national, regional and local partnerships, and act as investment in seed funding, research and development for the arts in England.

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 and £100,000 for arts, museums and libraries projects. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the Hub. Hubs are coordinated by the Hub Lead Organisation, which takes on responsibility for the funding and governance of the Hub. The total amount of funding from the Department for Education in 2024/25 was £78.87 million (2023/24: £78.08 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These are also disclosed in the Strategic Report on page 123.

4b. ANALYSIS OF SUPPORT COSTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity.

	TOTAL SUPPORT COSTS 24/25 £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2024/25 £000s	TOTAL GRANT-IN-AID 2023/24 £000s
Staff costs	33,532	(15,583)	**17,949**	17,096
Indirect staff costs	1,005	192	**1,197**	946
Premises	1,941	(1,066)	**875**	844
Supplies & Services	3,156	(1,527)	**1,629**	1,319
Travel & Subsistence	941	(413)	**528**	503
Professional Fees	2,377	(707)	**1,670**	1,149
Central Costs	(434)	(185)	**(619)**	(429)
Depreciation	414	–	**414**	300
Other recharges	–	(653)	**(653)**	(250)
IT project costs	222	(119)	**103**	192
	43,154	**(20,061)**	**23,093**	21,670
Corporate governance costs included above	–	–	**1,373**	1,329

4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
National Portfolio Organisations	342,305	–	**342,305**	342,652
Arts Council National Lottery Project grants	4,988	1,181	**6,169**	1,440
Development and investment funds	21,121	97	**21,218**	21,606
Music Education Hubs	76,105	–	**76,105**	76,049
Culture Recovery Funds	–	–	**–**	–
Restricted – Other	103,392	–	**103,392**	83,457
Lapsed and revoked commitments	(6,729)	–	**(6,729)**	(6,547)
	541,182	**1,278**	**542,460**	518,657

A detailed breakdown of all grant commitments can be found at:
www.artscouncil.org.uk/our-organisation/expenditure-data

5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2024/25 £000s	TOTAL 2023/24 £000s
STAFF COSTS COMPRISE					
Salaries and wages	28,256	2,773	(12,111)	**13,372**	12,333
Employer's National Insurance	2,971	293	(1,276)	**1,402**	1,260
Employer's pension contributions	4,862	499	(2,076)	**2,287**	2,149
Redundancy Costs	43	38	(3)	**2**	208
Agency staff	240	17	(119)	**104**	114
	36,372	**3,620**	**(15,585)**	**17,167**	16,064

The average number of full-time equivalent employees during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2024/25	2023/24
Direct delivery of programmes	5	–	**5**	8
Support & corporate governance	646	3	**649**	617
	651	**3**	**654**	625

The average number of employees (headcount) during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2024/25	2023/24
Direct delivery of programmes	5	–	**5**	9
Support & corporate governance	694	4	**698**	670
	699	**4**	**703**	679

5b. EMOLUMENTS BY BANDS

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below.

	PENSION SCHEME			
EMOLUMENTS FOR THE YEAR	**DEFINED BENEFIT**	**DEFINED CONTRIBUTION**	**TOTAL 2024/25**	TOTAL 2023/24
£60,000-£69,999	**34**	**–**	**34**	30
£70,000-£79,999	**6**	**1**	**7**	9
£80,000-£89,999	**6**	**1**	**7**	7
£90,000-£99,999	**10**	**–**	**10**	9
£100,000-£109,999	**1**	**–**	**1**	–
£110,000-£119,999	**–**	**–**	**–**	1
£120,000-£129,999	**4**	**–**	**4**	3
£130,000-£139,999	**2**	**–**	**2**	2
£140,000-£149,999	**–**	**–**	**–**	1
£150,000-£159,999	**1**	**–**	**1**	1
			66	63

5C COMPENSATION SCHEMES – EXIT PACKAGES

	2024/25			2023/24		
EXIT PACKAGE COST BAND	**NUMBER OF COMPULSORY REDUNDANCIES**	**NUMBER OF OTHER DEPARTURES AGREED**	**TOTAL EXIT PACKAGES DURING 2024/25**	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2023/24
< £9,999	**2**	**–**	**2**	1	–	1
£25,000-£49,999	**–**	**–**	**–**	2	–	2
£50,000-£99,999	**1**	**–**	**1**	2	–	2
Total number of exit packages by type	**3**	**–**	**3**	5	**–**	**5**
Total resource cost £000	71	–	**71**	208	–	**208**

5d. CONSULTANCY FEES

The total consultancy fees for 2024/25 were £2,144,410 (2023/24: £416,531).

6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2024/25, the total cost of tickets purchased for this purpose was £1,733.95 (2023/24: £1,218). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in Note 8. Salaries and expenses paid to National Council members are disclosed within the Remuneration Report.

7. PENSIONS

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

WEST YORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 323,000 members in 409 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2025, seven Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The funded nature of the LGPS requires Arts Council England and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2025. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2025	31 MARCH 2024	31 MARCH 2023
Discount rate	**5.8%**	**4.8%**	4.8%
CPI inflation	**2.5%**	**2.6%**	2.7%
Rate of increase to pensions in payment	**2.5%**	**2.6%**	2.7%
Rate of increase to deferred pensions	**2.5%**	**2.6%**	2.7%
Rate of general increase in salaries	**3.75%**	**3.85%**	3.95%

MORTALITY ASSUMPTIONS

	31 MARCH 2025	31 MARCH 2024
Males		
Pensioner member aged 65 at accounting date	**20.9**	21.0
Active member aged 45 at accounting date	**21.8**	22.3
Females		
Pensioner member aged 65 at accounting date	**24.1**	24.2
Active member aged 45 at accounting date	**24.8**	25.2

ASSET ALLOCATION

	VALUE AT 31 MARCH 2025 %	VALUE AT 31 MARCH 2024 %
Equities	**79.6%**	79.4%
Property	**2.8%**	2.8%
Government bonds	**8.3%**	8.5%
Corporate bonds	**3.9%**	4.2%
Cash	**2.9%**	1.8%
Other	**2.5%**	3.3%
Total	**100%**	100%

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2025 £millions	VALUE AS AT 31 MARCH 2024 £millions	VALUE AS AT 31 MARCH 2023 £millions
Fair value of assets	**54.149**	54.805	48.741
Present value of funded liabilities	**(28.973)**	(33.787)	(34.272)
Unrecognised asset*	**(25.176)**	(21.018)	(14.469)
Pension liability recognised on the balance sheet	**0.000**	0.000	0.000

* PARAGRAPH 28 OF FRS102 STATES THAT AN ENTITY CAN RECOGNISE A SCHEME SURPLUS ONLY TO THE EXTENT THAT IT IS ABLE TO RECOVER THE SURPLUS EITHER THROUGH REDUCED FUTURE CONTRIBUTIONS OR THROUGH REFUNDS FROM THE PENSION SCHEME. AS ARTS COUNCIL ENGLAND ARE NOT ABLE TO DO EITHER, THE SURPLUS HAS NOT BEEN RECOGNISED ON OUR BALANCE SHEET.

AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2025 £millions	PERIOD ENDING 31 MARCH 2024 £millions
OPERATING COST:		
Current service cost	**0.082**	0.094
Past service cost	**0.000**	0.000
FINANCING COST:		
Interest on net defined benefit liability/(asset)	**(1.009)**	(0.706)
Interest on unrecognised asset	**0.000**	0.695
Pension expense recognised in other comprehensive income	**(0.927)**	0.083

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2025 £millions	PERIOD ENDING 31 MARCH 2024 £millions
Asset gains/(losses) arising during the period	**(1.384)**	5.095
Liability gains/(losses) arising during the period	**4.615**	0.692
Adjustment in respect of paragraph 28.22 FRS102	**(4.158)**	(5.854)
Total amount recognised in other comprehensive income	**(0.927)**	(0.067)

CHANGES TO THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2025 £millions	PERIOD ENDING 31 MARCH 2024 £millions
Opening defined benefit obligation	**33.787**	34.272
Current service cost	**0.082**	0.094
Past service cost	**0.000**	0.000
Interest expense on defined benefit obligation	**1.578**	1.610
Contributions by participants	**0.029**	0.032
Actuarial (gains)/losses on liabilities	**(4.615)**	(0.692)
Net benefits paid out	**(1.888)**	(1.529)
Closing defined benefit obligation	**28.973**	33.787

CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2025 £millions	PERIOD ENDING 31 MARCH 2024 £millions
Opening fair value of assets	**54.805**	48.741
Interest income on assets	**2.587**	2.316
Remeasurement gains/(losses) on assets	**(1.384)**	5.095
Contributions by the employer	**0.000**	0.150
Contributions by participants	**0.029**	0.032
Net benefits paid out*	**(1.888)**	(1.529)
Net increase in assets from disposals/acquisitions	**0.000**	0.000
Closing fair value of assets	**54.149**	54.805

* CONSISTS OF NET BENEFITS CASH FLOW OUT OF THE FUND IN RESPECT OF THE EMPLOYER, INCLUDING AN APPROXIMATE ALLOWANCE FOR THE EXPECTED COST OF DEATH IN SERVICE LUMP SUMS.

ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2025 £millions	PERIOD ENDING 31 MARCH 2024 £millions
Interest income of assets	**2.587**	2.316
Gain/(loss) on assets	**(1.384)**	**5.095**
Actual return on assets	**1.203**	7.411

Amounts due to the West Yorkshire Pension Fund at 31 March 2025 were £2,351 (31 March 2024: £15,759).

The Scheme continues to consider the potential impact of the High Court & Court of Appeal judgments in the Virgin Media (VM) litigation. The VM litigation relates to amendments made to private sector and not public service schemes and as a result it does not expressly deal with whether s 37 confirmations are required for relevant amendments made to public service schemes.

Public service scheme amendments during the relevant period would have been made by legislation (i.e by primary legislation or regulations) . The general position in public law is that legislation remains valid law until it is revoked or repealed by subsequent legislation or in the case of regulations specifically declared void by a court. The Scheme therefore continues to administer benefits and recognise liabilities in accordance with the relevant scheme regulations currently in force.

ARTS COUNCIL RETIREMENT PLAN (1994)

The scheme is a defined benefit scheme. Other employers contributing to the scheme are the Arts Council of Wales, Creative Scotland and Tŷ Cerdd – Music Centre Wales. Because it is a multi-employer scheme and we are unable to identify our share of the underlying assets and liabilities we have accounted for the scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102). The actuaries of the fund are Hymans Robertson.

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2025 was £236.1 million (2024: £232.1 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2022, the actuarial value of the assets using the projected unit method was sufficient to cover 93 per cent of the value accrued to members, a deficit of £18,300,000. On the advice of the actuary, with effect from 1 April 2023, we are paying employer's contributions of 18.8 per cent of pensionable salary for Arts Council England employees and 25.4 per cent of pensionable salary for certain employees who transferred to Arts Council England from the Museums, Libraries and Archives Council.

The main long-term assumptions used for the actuarial valuation were as follows:

Retail prices (RPI) inflation rate	Bank of England RPI curve, less 0.3% p.a.
Consumer prices (CPI) inflation rate	RPI inflation, less 1.0% p.a. prior to February 2030 and less 0.1% p.a. from February 2030
Long-term rate of pay increases	In line with CPI inflation
Rate of pension increases	In line with CPI inflation
Discount rate (past service)	Bank of England gilt yield curve, plus 1.5% p.a
Discount rate (future service)	Bank of England gilt yield curve, plus 2.5% p.a

Arts Council England is a participating employer in the Arts Council Retirement Plan (1994) together with three other separate organisations. There is no legal separation of the Plan's assets or liabilities and as such there is a certain amount of inevitable cross subsidy between participating employers depending on the experience of their own members. Under the Plan's rules there is also no requirement or discretion to segregate the assets of the scheme in the event of the cessation of a participating employer. As such it is a 'last man standing' arrangement and the remaining employers would become liable for meeting the pension obligations of other participating employers who cease participation.

Amounts due to the fund at 31 March 2025 were £552,467 (31 March 2024: £512,326).

THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE, and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation. Amounts due to The People's Pension as at 31 March 2025 were £10,799 (31 March 2024: £10,198).

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2024/25 were £4,739,549 (2023/24: £5,532,288 (including a lump-sum deficit reduction payment of £1,233,000)). Employer contributions to The People's Pension during 2024/25 were £94,559 (2023/24: £92,288).

Employer contributions made to the West Yorkshire Pension Fund during 2024/25 were £0 due to the scheme being in surplus (2023/24: £144,722).

8. NET EXPENDITURE FOR THE YEAR

Total income of £3,735,644 (2023/24: £1,852,981) is stated after charging:

	TOTAL 2024/25 £000s	TOTAL 2023/24 £000s
Auditors' remuneration	**85**	83
Operating leases	**1,208**	1,127
Council members' travel, subsistence and hospitality for the 15 serving members during the year	**19**	27
Insurance: trustees' and senior officers' indemnity	**15**	12
Depreciation	**414**	300
Impairment	**–**	–

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT.

9. LEGACY BEQUESTS

Arts Council England is the beneficiary of two legacies: the Compton Poetry Fund and the Thornton Fund. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. Both legacies consist of a mixture of stocks/shares and cash. The Compton Poetry Fund consists of £414,000 in shares and £46,000 cash, and the Thornton Fund consists of £70,000 in shares and £81,000 cash. Both legacies were incorporated into Arts Council England's accounts during 2013/14. The values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2019/20, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this is currently £125,000 and consists entirely of cash. There are three other legacies with a total value of £68,000.

	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2024	430	140	121	66	**757**
Income received in-year	10	6	4	2	**22**
Gains/(losses) on investments	56	5	–	–	**61**
Expenditure	(36)	–	–	–	**(36)**
Closing balance – 31 March 2025	**460**	**151**	**125**	**68**	**804**

REPRESENTED BY:	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Cash	46	81	125	68	**320**
Investments	414	70	–	–	**484**
Closing balance – 31 March 2025	**460**	**151**	**125**	**68**	**804**

10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART 24/25	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2024	8,960	4,847	**13,807**	9,339	**23,146**
Additions	1,799	526	**2,325**	338	**2,663**
Revaluations	–	–	**–**	–	**–**
Less: disposals	(3,204)	(2,507)	**(5,711)**	–	**(5,711)**
Cost or valuation at 31 March 2025	7,555	2,866	**10,421**	9,677	**20,098**
Depreciation at 1 April 2024	5,972	4,681	**10,653**	–	**10,651**
Less depreciation on disposals	(3,204)	(2,504)	**(5,708)**	–	**(5,708)**
Impairment	–	–	**–**	–	**–**
Provided for 2024/25	218	196	**414**	–	**414**
Depreciation at 31 March 2025	2,985	2,372	**5,357**	–	**5,357**
Net book value at 31 March 2025	4,570	494	**5,064**	9,677	**14,741**
Net book value at 31 March 2024	2,988	166	**3,154**	9,339	**12,493**

WORKS OF ART – ARTS COUNCIL COLLECTION

Valuation

Unlike our other fixed assets there is no *de minimis* capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000. The Works of Arts Council Collection has been built up since 1946 and consists of 8,241 items on 31 March 2025. The Arts Council Collection is held on the historic cost basis. The collection consists of purchased and donated assets. There are 406 donated items on 31 March 2025 which are valued at nil as per the historic cost basis.

Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and this is provided to the auditors for review.

The Arts Council Collection heritage assets are reported at historic cost in the table below:

	2024/25 £000s	2023/24 £000s	2022/23 £000s	2021/22 £000s	2020/21 £000s
Cost or valuation at 1 April	**9,339**	9,058	8,825	8,525	8,179
Additions	**338**	281	233	300	346
Donations	**–**	–	–	–	–
Revaluations	**–**	–	–	–	–
Less: impairment	**–**	–	–	–	–
Less: disposal	**–**	–	–	–	–
Cost or valuation at 31 March	**9,677**	9,339	9,058	8,825	8,525

Further information on the heritage assets collection, preservation and management can be found on page 74.

11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31 March 2025, £4,489,826 was owed by Lottery to Grant-in-Aid (2023/24: £4,139,434).

12. DEBTORS

	31 MARCH 2025 £000s	31 MARCH 2024 £000s
Trade debtors	**100**	95
DCMS debtors	**180,003**	171,458
Other debtors	**214**	129
Prepayments and accrued income	**1,971**	2,535
	182,288	174,218

13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. Advances of £3,755,312 were made during 2024/25 (2023/24: £4,753,091).

14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2023/24. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2025 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	**31 MARCH 2025 £000s**	31 MARCH 2024 £000s
2024/25	**–**	411,555
2025/26	**408,522**	348,693
2026/27	**50**	50
	408,572	760,298

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	**31 MARCH 2025 £000s**	31 MARCH 2024 £000s
Trade creditors	**4,743**	3,784
Other creditors including taxes and social security	**81**	63
Accruals	**1,800**	1,866
Deferred income	**1,982**	1,550
	8,606	7,263

16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	**TOTAL £000s**
At 31 March 2024	1,099	1	**1,100**
Arising during the year	67	2	**69**
Used during the year	–	(1)	**(1)**
Reversed unused	–	–	**–**
At 31 March 2025	**1,166**	**2**	**1,168**
EXPECTED TIMING OF CASH FLOWS			
Provisions due within one year	828	2	**830**
Provisions due in more than one year	338	–	**338**

DESCRIPTION OF PROVISIONS

a) *Dilapidations*
Provision for dilapidations for leased premises (to cover the costs of any necessary reinstatement and repairs to the property at the termination of the lease).

b) *Tax*
Provision for payroll taxes owed to HMRC for any expenses and benefits paid to employees where tax has not been deducted at source.

17. RECONCILIATION OF MOVEMENT IN FUNDS

	AT 31 MARCH 2024 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2025 £000s
Endowment funds	757	**22**	**(36)**	**61**	**–**	**804**
Restricted funds	1,032	**178,977**	**(179,124)**	**–**	**–**	**885**
Unrestricted income funds	1,581	**418,709**	**(417,122)**	**(924)**	**–**	**2,244**
CAPITAL FUNDS						
Designated funds	9,339	**338**	**–**	**–**	**–**	**9,677**
Capital reserve	3,155	**2,324**	**(414)**	**(3)**	**–**	**5,064**
Pension reserve	–	**–**	**–**	**–**	**–**	**–**
	15,864	**600,370**	**(596,695)**	**(866)**	**–**	**18,674**

DESCRIPTION OF FUNDS

Endowment funds

Arts Council England is the beneficiary of various legacies including the Compton Poetry Fund, the McCann Fund, and the Thornton Fund.

Restricted funds

The Arts Council receives specific ring-fenced Grant-in-Aid as well as grants, sponsorship and donations from various other sources for specific activities. Any such income and associated expenditure is identified separately.

Unrestricted income funds

Grant-in-Aid is received from the Department for Culture, Media and Sport (DCMS). This is the Arts Council's main source of income and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council. Use of these funds in subsequent years is restricted by the Government's budgetary controls.

Capital funds

a) *Designated funds*
This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

b) *Capital reserve*
The capital reserve represents the balance of tangible assets.

c) *Pension reserve*
The pension reserve reflects the movements in the West Yorkshire Pension Fund defined benefit scheme.

18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2024/25 £000s	2023/24 £000s
Net income/(expenditure)	**3,736**	1,853
Interest receivable	**(11)**	(9)
(Profit)/loss on disposal of Fixed Assets	**3**	–
Dividends received	**(12)**	(12)
Depreciation and impairment charges	**414**	300
(Gains)/losses on investments	**(61)**	43
Decrease/(increase) in debtors and prepayments	**(8,420)**	(51,926)
Decrease/(increase) in grants paid in advance	**998**	(4,753)
Increase/(decrease) in grants outstanding	**(1,642)**	29,809
(Decrease)/increase in creditors	**1,343**	1,664
(Decrease)/increase in provisions	**68**	(1,086)
(Decrease)/increase in defined benefit liability	**(927)**	(762)
Net cash provided by/(used in) operating activities	**(4,511)**	(24,880)

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2024/25 £000s	2023/24 £000s
(Decrease)/increase in cash and cash equivalents in the year	**(7,138)**	(25,340)
Cash at 1 April 2024	**32,772**	58,112
Cash at 31 March 2025	**25,634**	32,772

20. ANALYSIS OF NET CASH

	1 APRIL 2024 £000s	CASH FLOW £000s	**31 MARCH 2025 £000s**
Cash at bank (GBS)	32,772	(7,138)	**25,634**

21. LEASES

At 31 March 2025, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	**31 MARCH 2025 £000s**	31 MARCH 2024 £000s
within one year	**1,047**	565
within two and five years inclusive	**2,660**	2,287
over five years	**–**	–
	3,707	2,852

THE LEASES RELATE PRIMARILY TO THE NINE OFFICES THAT ARE OCCUPIED BY ARTS COUNCIL ENGLAND.

22. SOUTHBANK CENTRE LEASE

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the Southbank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

23. ROYAL NATIONAL THEATRE LEASE

The Arts Council owns the freehold of the Royal National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

24. CAPITAL COMMITMENTS

As at 31 March 2025, the total value of capital commitments was £nil (2023/24: £nil).

25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Losses can also related to overpaid grant payments which Arts Council England has not been able to recover. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments.

	2024/25 £000s	2023/24 £000s
Total value of losses and special payments	**119**	43
Total number of losses and special payments	**3**	6

THE ABOVE LOSSES WERE WITHIN ARTS COUNCIL ENGLAND'S DELEGATED LIMITS AND DID NOT REQUIRE DCMS APPROVAL.

26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors and trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Culture, Media and Sport (99.62 per cent) (2023/24: 99.6 per cent) financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (96.64 per cent) (2023/24: 96.69 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of several legacies including the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £804,000 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Culture, Media and Sport (DCMS) in 2018. This agreement covers the majority of Arts Council's funding and ensures that any liquidity risk is negligible.

In the past 12 months, 0.38 per cent of funding was received from sources other than DCMS and 0.00 per cent was generated from cash balances. This means that 99.62 per cent of funding is sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

26b. INTEREST RATE RISK

As an Arms-Length Body of the Department for Culture, Media and Sport, our bank accounts are with the Government Banking Service, which is operated by RBS NatWest. This means that surplus daily cash balances are offset against overall Government debt by HM Treasury, thereby reducing the amount of interest which is paid by the Government. However, this means that no credit interest is received by Arts Council England.

26c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2025 £000s	31 MARCH 2024 £000s
DCMS debtor	**180,003**	171,458
Trade debtors	**100**	95
Other debtors	**214**	129
Accrued income	**1,971**	2,535
Due from Arts Council Lottery accounts	**4,490**	4,139
Cash at bank and in hand	**25,634**	32,772
	212,412	211,128

In our view the book value of the assets is the same as the fair value.

26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2025 £000s	31 MARCH 2024 £000s
Grants outstanding	**203,265**	204,907
Trade creditors	**4,743**	3,784
Other creditors including taxes and social security	**81**	63
Accruals	**1,800**	1,866
Deferred income	**1,982**	1,550
	211,871	212,170

In our view the book value of the assets is the same as the fair value.

27. RELATED PARTIES

27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2025 are detailed below. This includes the disclosure of relationships which are above and beyond the definition of related parties per the Charities SORP (FRS 102).

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	115	–	–	CoMA Contemporary Music for All	Family member is Trustee
	50	–	–	NMC Recordings Ltd	Family member is Donor/ Lender/Trustee
Abigail Pogson	3,577	–	–	North Music Trust	Managing Director
Andrew Lovett OBE	16	74	–	Association of Independent Museums	Chair
	760	–	–	Black Country Living Museum Trust	Chief Executive
Andrew Miller MBE	30	121	75	Arts Council of Wales	UK Arts Access Champion (Consultant)
	4,000	3,913	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	–	3	British Film Institute	Other: Chair, Disability Screen Advisory Group (Consultant)
	151	5	–	British Youth Music Theatre	Family member is an employee
	194	5	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	445	445	–	Graeae Theatre Company Ltd	Advisor/Consultant
	165	421	–	Local Government Association (LGA)	Advisor/Consultant
	1	–	–	Paul Hamlyn Foundation	Advisor/Consultant
	15,260	750	–	Royal Shakespeare Company	Deputy Chair
	320	–	–	Screen South	Consultant: Creating for Change Museums Strategic Disability Network member
	250	–	–	Sense	Advisor/Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	203	35	–	The Audience Agency	Advisor/Consultant
	555	10	–	The Clore Leadership Programme	Advisor/Consultant
	3	3	–	UK Theatre Association	Advisor/Consultant
	20	5	–	What Next? Culture Limited	Advisor/Consultant

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Annabel Turpin	8	2	–	BookTrust	Executive Director is an acquaintance
	1,501	1,500	–	Future Arts Centres	Executive Director
	200	20	–	NCCH	Family member is a freelancer
	615	759	–	Oldham Council	Family member is employee
	372	1	–	Stockton Arts Centre Ltd	Executive Director
	5,635	5,006	–	Sunderland Culture	Board Member
	65	65	–	Tees Valley Combined Authority	Board Member
David Bryan CBE	707	–	–	Battersea Arts Centre	Chair
	2	50	–	Creative Lives Charity Limited	Chair
	700	–	–	Ovalhouse Theatre Ltd	Chair
Helen Birchenough	1,301	2	–	Wiltshire Creative	Board Member
Phil Stokes	–	–	3	British Film Institute	Governor
	–	56	–	Durham University	Commissioner
	591	435	–	PricewaterhouseCoopers LLP	Former partner in receipt of retirement annuities
Sukhy Johal MBE	1,297	197	–	Lincolnshire Music Service	Advisory Board Member
	70	7	–	Lincolnshire County Council	Advisory Board Member of Lincolnshire Music Service
	250	–	–	The University of Lincoln	Employee
	123	–	–	Threshold Studios	Family member is an employee
	–	800	–	UK Research & Innovation	Board Member

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Veronica Wadley	–	–	569,533	DCMS (Department for Culture, Media & Sport)	Chair, Advisory Panel for National Plan for Music Education 2022
William Bush CBE	2,130	5	–	English Touring Opera Ltd	Deputy Chair
YolanDa Brown OBE	–	–	–	BPI (British Recorded Music Industry) Limited	Chair
	1,830	–	–	London Philharmonic Orchestra	Advisory Board Member
	300	63	–	PRS for Music Foundation	Board Member
	18,358	2,268	–	Southbank Centre	Advisory Board Member
	–	3	–	The National Foundation for Youth Music	Chair
	279	3,511	–	University of Kent	Arts and Culture Chancellor

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	30	55	–	Britten Sinfonia	Family member is Board Member
	115	–	–	CoMA Contemporary Music for All	Family member is Trustee
	50	–	–	NMC Recordings Ltd	Family member is Donor/ Lender/Trustee
	–	–	5	Tate Gallery	Curator
Abigail Pogson	3,577	63	–	North Music Trust	Managing Director
Andrew Miller MBE	25	91	65	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	10,125	10,213	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	–	8	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	177	5	–	British Youth Music Theatre	Family member is a designer
	7	–	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	612	10	–	Clore Leadership Programme	Advisor/Consultant
	244	25	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	166	255	5	Local Government Association (LGA)	Advisor/Consultant
	16,010	750	–	Royal Shakespeare Company	Trustee and Governor
	320	–	–	Screen South	Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	28	5	–	The Audience Agency	Advisor/Consultant
	15	5	–	The Space	Board Member and Advisor/Consultant
	4,000	–	–	Welsh National Opera	Trustee

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Annabel Turpin	374	–	–	Stockton Arts Centre Ltd	Executive Director of organisation
	642	–	–	Sunderland Culture	Board Member
	602	150	–	Tees Valley Combined Authority	Board Member
	1,179	794	–	Oldham Council	Partner is employee
David Bryan CBE	719	–	–	Battersea Arts Centre	Chair of organisation
	–	–	5	British Council	Chair of the British Council's Arts and Creative Economy Advisory Group
	–	200	–	Creative Lives Charity Limited	Chair of organisation
	700	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch	–	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	–	–	37	Art Fund	Freelands Foundation Organisation
	–	25	–	Artcore	Freelands Foundation Organisation
	1,013	–	–	Autograph ABP	Freelands Foundation Organisation
	25	3	–	Bath Spa University	Freelands Foundation Organisation
	307	60	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	600	–	–	Camden Arts Centre	Freelands Foundation Organisation
	244	–	–	Cement Fields	Freelands Foundation Organisation
	168	–	–	Chisenhale Gallery	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Freelands Foundation Organisation

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	466	–	–	Derby QUAD Ltd	Freelands Foundation Organisation
	2,236	–	17	English Stage Company Limited	Sister Group Ltd, founded by Elisabeth, funds this organisation
	–	413	–	Firstsite Ltd	Freelands Foundation Organisation
	219	–	–	Focal Point Gallery	Freelands Foundation Organisation
	212	20	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation
	264	–	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,619	1,031	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	274	–	–	MAIA	Freelands Foundation Organisation
	10	–	–	Manchester Metropolitan University	Freelands Foundation Organisation
	390	–	–	MK Gallery	Freelands Foundation Organisation
	2	1	–	National Art Collections Fund	Freelands Foundation Organisation
	35	71	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation. Coinvestor with ACE in Arts & Culture Impact Fund, managed by this company
	1,269	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	–	–	Primary	Freelands Foundation Organisation
	578	578	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	68	–	–	Studio Voltaire	Freelands Foundation Organisation

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	–	–	5	Tate Gallery	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	1,288	811	–	Towner Art Gallery & Museum	Freelands Foundation Organisation
	290	–	–	Triangle Arts Trust	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	6,597	3,131	–	Tyne & Wear Archives & Museums	Freelands Foundation Organisation
	249	141	–	University of Wolverhampton	Freelands Foundation Organisation
	1,438	–	–	Whitechapel Gallery	Freelands Foundation Organisation
	185	185	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	1,652	–	–	Wiltshire Creative	Board Member
Paul Roberts OBE	37	–	–	Department for Education	Group Member
	–	56	–	Durham University	Commissioner
	1,024	–	–	Nottingham Contemporary	Board Member
	18	–	–	Nottingham Trent University	Steering Group Member
Sally Shaw MBE	–	413	–	Firstsite Ltd	Executive Director
Sukhy Johal MBE	581	–	–	Lincolnshire Music Service	Advisory Board Member
	262	14	–	The University of Lincoln	Employee
	236	–	–	Threshold Studios	Family member is employee
Veronica Wadley	5,775	–	495,330	Department for Culture, Media and Sport	Chair, Advisory Panel for National Plan for Music Education 2022
	37	–	–	Department for Education	Chair, Advisory Panel for National Plan for Music Education 2022

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
William Bush CBE	2,180	–	–	English Touring Opera	Deputy Chair / Board Member
YolanDa Brown OBE	–	1,600	–	London Philharmonic Orchestra	Advisory Board Member
	330	330	–	PRS for Music Foundation	Board Member
	18,852	5,003	–	Southbank Centre	Advisory Board Member
	–	3	–	The National Foundation for Youth Music	Chair

27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2025 are detailed below.

DIRECTOR OR SENIOR MANAGER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	151	5	–	British Youth Music Theatre	Family Member is Artist/Practitioner
	279	–	–	Goldsmiths University	Family Member is an employee
	12	–	–	Manchester Metropolitan University	Financial donor
	–	78	–	University of Leeds	Advisor
Catherine Nesus	404	–	–	Boy Blue Entertainment	Friendship with GM
Emmie Kell	772	120	–	South West Museum Development	Partner Organisation
Laura Dyer MBE	–	3	1	Bath Spa University	Family member attends the university
	1,380	–	–	Nottingham Playhouse	Friend is an employee
	682	–	–	Turner Contemporary	Friend is an employee
Mags Patten	999	–	–	Paraorchestra and Friends	Friendship with CEO
Michelle Walker	2,221	–	–	City of Birmingham Symphony orchestra	Friendship with CEO
	165	–	–	Southwark Council	Employee of Southwark Council Arts Service

DIRECTOR OR SENIOR MANAGER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Navees Rahman	6,498	552	–	Arts Council Pension Plan	Board Member
	279	–	–	Goldsmiths University	Family Member is a supplier
	244	–	–	National Justice Museum	Co-opted member of Finance and Audit Committee
Peter Knott	1,952	–	–	Leicester Theatre Trust Ltd	Partner is an employee
Rebecca Ball	5,634	5,007	–	Sunderland Culture	Employee
Richard Russell	400	–	–	Young Sounds UK	Donor/Lender
Ruth Alaile	–	1	–	Yinka Danmole	Family Member
Simon Mellor OBE	–	3	1	Bath Spa University	Partner is an employee
	307	–	–	Crying Out Loud	Friendship with CEO
	49	–	–	International Federation of Arts Councils and Culture Agencies (IFACCA)	Treasurer
	10	1	–	The Warren Youth Project	Friend is an employee
Tonya Nelson	1	–	–	ICOM UK	Chair

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

DIRECTOR OR SENIOR MANAGER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	177	5	–	British Youth Music Theatre	Family member is artist/practitioner
	–	78	–	University of Leeds	Advisor
	25	3		Creative Industries Federation	Advisor
	10	–	–	Manchester Metropolitan University	Financial donor
Emmie Kell	565	10	–	South West Museum Development	Partner Organisation
Michelle Walker	232	–	–	Southwark Council Arts Service	Employee
Navees Rahman	244	36	–	National Justice Museum	Co-opted member of Finance and Audit Committee
Peter Knott	1,949	–	–	Leicester Theatre Trust Ltd	Partner is a freelancer
Ruth Alaile	–	1	–	Yinka Danmole	Family Member
Simon Mellor OBE	25	3	–	Bath Spa University	Partner is employee

The declared interests of National Council members and Executive Board are available at the following link:

https://www.artscouncil.org.uk/our-organisation/national-council

The Remuneration Report (page 111) contains details of payments made to key personnel.

27c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport (DCMS) is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2025 £000s	**DEBTOR 31 MARCH 2025 £000s**	CREDITOR 31 MARCH 2024 £000s	DEBTOR 31 MARCH 2024 £000s
Balances with other DCMS Government bodies	**623**	**180,062**	1,150	171,488
Balances with other central Government bodies	**896**	**1**	661	9
Balances with academies	**170**	**36**	79	30
Balances with local authorities	**104,003**	**–**	89,382	7
Balances with NHS Trusts	**–**	**–**	3	–
Balances with public corporations and trading funds	**–**	**–**	71	–

During 2024/25, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE Y/E 31 MARCH 2025 £000s	**INCOME Y/E 31 MARCH 2025 £000s**	EXPENDITURE Y/E 31 MARCH 2024 £000s	INCOME Y/E 31 MARCH 2024 £000s
Transactions with other DCMS Government bodies	**216**	**578,077**	690	548,678
Transactions with other central Government bodies	**8,837**	**1,227**	8,959	889
Transactions with academies	**455**	**243**	419	194
Transactions with local authorities	**120,767**	**275**	105,332	36
Transactions with NHS Trusts	**–**	**–**	1	–
Transactions with public corporations and trading funds	**–**	**–**	35	5

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting treatments, there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported surplus of £2,809,000 but our overall DEL underspend for the year was £541,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2025
Overspend/(Underspend as per SOFA)	(2,809)
EXCLUDE NON-DEL TRANSACTIONS	
FRS102 (Deficit)/Surplus	–
Gain on investments	61
Depreciation	(414)
Capital expenditure	2,663
Provisions adjustments	(28)
Legacy income	22
Donations	–
Legacy expenditure	(36)
DEL Underspend (excluding Depreciation)	(541)
REPRESENTED BY :	
RDEL underspend	(484)
CDEL underspend	(57)
	(541)

29. CONTINGENT LIABILITIES

As at 31 March 2025 there was one Employment tribunal case ongoing and four other cases of litigation. Due to the uncertainty of timing and the value of the estimated costs, no provision has been made in the Accounts.

30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

31 RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODIES

31a VICTORIA & ALBERT MUSEUM

The Victoria & Albert Museum is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	150	750
Grant commitment in the year	–	–
Grant payments in the year	(150)	(600)
Closing grant creditor balance as at 31 March	**–**	**150**

31b BRITISH LIBRARY

The British Library is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	340	2,612
Grant commitment in the year	–	–
Grant payments in the year	–	(2,272)
Closing grant creditor balance as at 31 March	**340**	**340**

32c AWARDS FOR YOUNG MUSICIANS

Awards for Young Musicians is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	–	348
Grant payments in the year	–	(348)
Closing grant creditor balance as at 31 March	**–**	**–**

31d FILM LONDON

Film London is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	–	328
Grant payments in the year	–	(328)
Closing grant creditor balance as at 31 March	**–**	**–**

31e OLDHAM BOROUGH COUNCIL

Oldham Borough Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	154	–
Grant commitment in the year	615	615
Grant payments in the year	(308)	(461)
Closing grant creditor balance as at 31 March	**461**	**154**

31f LEICESTERSHIRE COUNTY COUNCIL

Leicestershire County Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	6	60
Grant commitment in the year	–	–
Grant payments in the year	6	(54)
Closing grant creditor balance as at 31 March	**–**	**6**

31g THE BARING FOUNDATION

The Baring Foundation is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	2	–
Grant commitment in the year	–	20
Grant payments in the year	2	(18)
Closing grant creditor balance as at 31 March	**–**	**2**

31h THE NATIONAL ACADEMY FOR SOCIAL PRESCRIBING

The National Academy for Social Prescribing is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	220	–
Grant commitment in the year	–	250
Grant payments in the year	(97)	(30)
Closing grant creditor balance as at 31 March	**123**	**220**

31i YORK MUSEUM AND GALLERY TRUST

York Museum and Gallery Trust is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	703	–
Grant payments in the year	(562)	–
Closing grant creditor balance as at 31 March	**141**	**–**

31j NORFOLK COUNTY COUNCIL/MUSEUMS SERVICE

Norfolk County Council/Museums Service is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	853	–
Grant payments in the year	(427)	–
Closing grant creditor balance as at 31 March	**427**	**–**

31k BRISTOL CITY COUNCIL

Bristol City Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	638	–
Grant payments in the year	(638)	–
Closing grant creditor balance as at 31 March	**–**	**–**

31l FENLAND DISTRICT COUNCIL

Fenland District Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	15	–
Grant commitment in the year	–	25
Grant payments in the year	–	(10)
Closing grant creditor balance as at 31 March	**15**	**15**

31m MUSEUM OF LONDON

Museum of London is a delegate body of
Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	237	–
Grant payments in the year	(119)	–
Closing grant creditor balance as at 31 March	**119**	**–**

31n IRONBRIDGE GORGE MUSEUM TRUST LIMITED

Ironbridge Gorge Museum Trust Limited is a delegate body of
Arts Council England in distributing Grant-in-Aid funds.

	2024/25 £000s	2023/24 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	571	–
Grant payments in the year	(457)	–
Closing grant creditor balance as at 31 March	**114**	**–**

32 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2024/25 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s
INCOME AND ENDOWMENTS FROM:								
Donations and legacies	**400,131**	**177,947**	**–**	**578,078**	390,336	157,871	–	548,207
Investments	**–**	**–**	**22**	**22**	–	–	21	21
Charitable activities	**1,179**	**1,030**	**–**	**2,209**	1,086	1,072	–	2,158
Other: Lottery distribution accounts	**20,061**	**–**	**–**	**20,061**	18,764	–	–	18,764
Total income and endowments	**421,371**	**178,977**	**22**	**600,370**	410,186	158,943	21	569,150
EXPENDITURE ON:								
Charitable activities (including Governance costs)	**397,474**	**179,124**	**36**	**576,634**	389,865	158,625	–	548,490
Other: Support costs attributable to Lottery distributions accounts	**20,061**	**–**	**–**	**20,061**	18,764	–	–	18,764
Total expenditure	**417,535**	**179,124**	**36**	**596,695**	408,629	158,625	**–**	567,254
Net gains/(losses) on investments	–	–	61	61	–	–	(42)	(42)
Total income/ (expenditure) before exceptional items	**3,836**	**(147)**	**47**	**3,736**	1,557	318	**(21)**	1,854
EXCEPTIONAL ITEMS								
Cost of fundamental reorganisation	**–**	**–**	**–**	**–**	–	–	–	–
Net income/ (expenditure)	**3,836**	**(147)**	**47**	**3,736**	1,557	318	(21)	1,854
TRANSFERS								
Gross transfers between funds	**–**	**–**	**–**	**–**	–	–	–	–
Total income/ (expenditure) before other recognised gains and losses	**3,836**	**(147)**	**47**	**3,736**	1,557	318	(21)	1,854
OTHER RECOGNISED GAINS/LOSSES								
Actuarial gains/(losses) on defined benefit pension schemes	**(927)**	**–**	**–**	**(927)**	(763)	–	–	(763)
Net movement in funds	**2,909**	**(147)**	**47**	**2,809**	794	318	(21)	1,091
RECONCILIATION OF FUNDS:								
Balance brought forward at 1 April	**14,075**	**1,032**	**757**	**15,864**	13,281	714	778	14,773
Total funds carried forward at 31 March	**16,984**	**885**	**804**	**18,673**	14,075	1,032	757	15,864

33 BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2025 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2024 £000s
FIXED ASSETS:								
Tangible assets	**5,064**	**–**	**–**	**5,064**	3,155	–	–	3,155
Heritage assets – Works of Art	**9,677**	**–**	**–**	**9,677**	9,339	–	–	9,339
Investments	**–**	**–**	**804**	**804**	–	–	757	757
Total fixed assets	**14,741**	**–**	**804**	**15,545**	12,494	–	757	13,251
CURRENT ASSETS								
Debtors	**–**	**182,288**	**–**	**182,288**	–	174,218	–	174,218
Due from Arts Council Lottery accounts	**4,490**	**–**	**–**	**4,490**	4,139	–	–	4,139
Grants paid in advance	**3,755**	**–**	**–**	**3,755**	4,652	101	–	4,753
Cash and cash equivalents	19,048	6,586	**–**	25,634	20,522	12,251	–	32,773
Total current assets	**27,293**	**188,874**	**–**	**216,167**	29,313	186,570	–	215,883
LIABILITIES								
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR								
Grants outstanding	**17,534**	**185,731**	**–**	**203,265**	21,130	183,777	–	204,907
Due to Arts Council Lottery accounts	**–**	**–**	**–**	**–**	–	–	–	–
Creditors	**6,348**	**2,258**	**–**	**8,606**	5,502	1,761	–	7,263
Total creditors: amounts falling due within one year	**23,882**	**187,989**	**–**	**211,871**	26,632	185,538	–	212,170
Net current assets	**3,411**	**885**	**–**	**4,296**	2,681	1,032	–	3,713
Total assets less current liabilities	**18,152**	**885**	**804**	**19,841**	15,175	1,032	757	16,964
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
Provisions for liabilities and charges	**1,168**	**–**	**–**	**1,168**	1,100	–	–	1,100
Net assets excluding pension liability	**16,984**	**885**	**804**	**18,673**	14,075	1,032	757	15,864
Defined benefit pension scheme liability	**–**	**–**	**–**	**–**	–	–	–	–
Net assets including pension liability	**16,984**	**885**	**804**	**18,673**	14,075	1,032	757	15,864
THE FUNDS OF THE CHARITY:								
REPRESENTED BY INCOME FUNDS								
Unrestricted fund	**2,244**	**–**	**–**	**2,244**	1,581	–	–	1,581
Restricted fund	**–**	**885**	**–**	**885**	–	1,032	–	1,032
REPRESENTED BY CAPITAL FUNDS								
Endowment funds	**–**	**–**	**804**	**804**	–	–	757	757
Designated fund	**9,677**	**–**	**–**	**9,677**	9,339	–	–	9,339
Donated asset reserve	**–**	**–**	**–**	**–**	–	–	–	–
Capital reserve	**5,063**	**–**	**–**	**5.063**	3,155	–	–	3,155
Pension reserve	**–**	**–**	**–**	**–**	–	–	–	–
Total charity funds	**16,984**	**885**	**804**	**18,673**	14,075	1,032	757	15,864

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

34. FUNDS HELD AS AGENT

The Culture Recovery Fund – Repayable Finance (CRF-RF) programme was designed to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but, due to the pandemic, were at clear risk of no longer trading viably by 31 March 2021 and had exhausted all other options for increasing their resilience. This is a DCMS Scheme which is being administered by Arts Council England who are acting as Agents on behalf of DCMS.

During 2024/25 transactions relating to the CRF-RF scheme were as follows:

	£000s
Repayments received during 2024-25	(17,972)
Amounts repaid back to DCMS during 2024-25	**16,207**
CRF-RF bank balance as at 31st March 2025	**3,552**

Lottery distribution accounts

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Arts Council England Lottery Distribution Account for the year ended 31 March 2025 under the National Lottery etc Act 1993.

The financial statements comprise the Arts Council England Lottery Distribution Account's:

— Statement of Financial Position as at 31 March 2025;

— Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and

— the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

— give a true and fair view of the state of the Arts Council England Lottery Distribution Account's affairs as at 31 March 2025 and its total comprehensive income for the year then ended; and

— have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Arts Council England Lottery Distribution Account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England Lottery Distribution Account's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England Lottery Distribution Account's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Chief Executive with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Arts Council England Lottery Distribution Account is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report, but does not include the financial statements and my auditor's certificate thereon. The Trustees and Chief Executive are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

In my opinion, based on the work undertaken in the course of the audit:

— the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and

— the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England Lottery Distribution Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

— adequate accounting records have not been kept by the Arts Council England Lottery Distribution Account or returns adequate for my audit have not been received from branches not visited by my staff; or

— I have not received all of the information and explanations I require for my audit; or

— the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

— certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

— the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees and Chief Executive's Responsibilities, the National Council and Chief Executive are responsible for:

— maintaining proper accounting records;

— providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

— providing the C&AG with additional information and explanations needed for his audit;

— providing the C&AG with unrestricted access to persons within the Arts Council England Lottery Distribution Account from whom the auditor determines it necessary to obtain audit evidence;

— ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

— preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the National Lottery etc Act 1993;

— preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the National Lottery etc Act 1993; and

— assessing the Arts Council England Lottery Distribution Account's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Chief Executive anticipates that the services provided by the Arts Council England Lottery Distribution Account will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

— considered the nature of the sector, control environment and operational performance including the design of the Arts Council England Lottery Distribution Account's accounting policies.

— inquired of management, Arts Council England Lottery Distribution Account's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England Lottery Distribution Account's policies and procedures on:

  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England Lottery Distribution Account's controls relating to the Arts Council England Lottery Distribution Account's compliance with the National Lottery etc Act 1993 and Managing Public Money;

— inquired of management, Arts Council England Lottery Distribution Account's head of internal audit and those charged with governance whether:

  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

— discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England Lottery Distribution Account for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and regularity of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Arts Council England Lottery Distribution Account's framework of authority and other legal and regulatory frameworks in which the Arts Council England Lottery Distribution Account operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England Lottery Distribution Account. The key laws and regulations I considered in this context included National Lottery etc Act 1993 and Managing Public Money.

I considered the controls in place at the Arts Council England to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

— I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;

— I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

— I tested a sample of grant expenditure to gain assurance that grants had been spent on intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

10 JULY 2025

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025

	NOTE	31 MARCH 2025 £000	31 MARCH 2024 £000
INCOME			
Share of proceeds from the National Lottery Distribution Fund	2	**250,259**	240,513
Investment returns on the Distribution Fund	2	**12,035**	11,719
		262,294	252,232
Other income	3	**459**	448
Total income		**262,754**	252,680
EXPENDITURE			
Grant expenditure:			
Grant commitments made in the year		**135,690**	191,522
Less: lapsed and revoked commitments		**(2,400)**	(3,651)
Net grant commitments	10	**133,290**	187,871
Other expenditure:			
Other operating costs		**15**	32
Invoiced Arts expenditure		**1,085**	1,132
Costs apportioned from Grant-in-Aid accounts	6	**20,061**	18,764
Total expenditure		**154,451**	207,799
Total comprehensive expenditure for the year ended 31 March		**108,303**	44,881

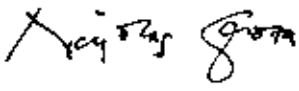
ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.
THE NOTES ON PAGES 195 TO 215 FORM PART OF THESE ACCOUNTS.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	NOTE	31 MARCH 2025 £000s	31 MARCH 2024 £000s
CURRENT ASSETS			
Trade and other receivables	9	**192**	11
Investments: balance in the National Lottery Distribution Fund	2	**156,557**	174,424
Cash and cash equivalents	14	**127**	1,050
Total current assets		**156,876**	175,485
CURRENT LIABILITIES			
Grant liabilities due within one year	10	**198,731**	203,034
Trade and other payables	11	**60**	83
Due to Grant-in-Aid accounts	19e	**4,490**	4,139
Total current liabilities		**203,281**	207,256
Net current (liabilities)/assets		**(46,405)**	(31,771)
NON-CURRENT LIABILITIES			
Grant liabilities due in more than one year	10	**13,501**	136,439
Net Liabilities		**(59,906)**	(168,210)
EQUITY			
General reserve		**(59,906)**	(168,210)
		(59,906)	(168,210)

THE NOTES ON PAGES 195 TO 215 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
9 JULY 2025



Sir Nicholas Serota CH
Chair
9 JULY 2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	NOTE	2024/25 £000s	2023/24 £000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Funds received from the National Lottery Distribution Fund	2	**280,161**	288,606
Other cash receipts		**278**	446
Grants paid	10	**(260,530)**	(267,954)
Cash paid to Grant-in-Aid accounts		**(19,710)**	(19,820)
Other cash payments		**(1,122)**	(1,190)
Net cash inflow/(outflow) from operating activities	12	**(923)**	88
Net increase/(decrease) in cash and cash equivalents	13/14	**(923)**	88
Cash and cash equivalents at beginning of period		**1,050**	962
Cash and cash equivalents at end of period		**127**	1,050

THE NOTES ON PAGES 195 TO 215 FORM PART OF THESE ACCOUNTS.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	GENERAL RESERVE 2024/25 £000s	TOTAL RESERVES 2024/25 £000s	TOTAL RESERVES 2023/24 £000s
Closing reserve position 31 March 2024	**(168,209)**	**(168,209)**	(213,090)
Transferred (to)/from the statement of comprehensive net expenditure	**108,303**	**108,303**	44,881
Closing reserve position 31 March 2025	**(59,906)**	**(59,906)**	(168,209)

THE NOTES ON PAGES 195 TO 215 FORM PART OF THESE ACCOUNTS

NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

1. ACCOUNTING POLICIES

1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2024/25 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Arts Council England continues to adopt the going concern concept in the preparation of the Lottery accounts. Grant commitments for future years have been entered into after taking account of income projections provided by Allwyn. Arts Council England assumes that the Lottery will continue to operate and the transfer of operations from Camelot to Allwyn will have no material impact on Lottery income.

Last year the Statement of Financial Position showed a deficit of £168 million. This year the position has moved to a deficit of £60 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments are shown in the accounts in the year when the commitment is made. In 2022/23 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2022/23 of £428 million, for activity and payments which will take place over the period 2022-26. The deficit showing at the end of 2024/25 will be eliminated during 2025/26 as we make payments against the grants that were committed in 2022/23.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Income from the National Lottery is recognised in the Accounts when information is provided to Arts Council England by the National Lottery Distribution Fund. Grant commitments are recognised as expenditure in the Accounts when the offer is made to the grant applicants. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year. Other expenditure is recognised in the Accounts when goods and services have been received or when there is a contractual obligation to pay.

1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. TAXATION

Arts Council England is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Although the Lottery Accounts are prepared under IFRS rather than Charities SORP, Arts Council England is a registered charity (registration number 1036733) and therefore exempt from taxation.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there is no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with Charities SORP (FRS102).

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto-enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment.

There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

1i. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this Standard. Due to the type of activity carried out by Arts Council England, IFRS 17 is not expected to have a material impact on the accounts.

2. NATIONAL LOTTERY DISTRIBUTION FUND

	2024/25 £000s	2023/24 £000s
Balance at 1 April	**174,424**	210,799
Share of proceeds from the National Lottery Distribution Fund	**250,259**	240,513
Investment returns on the Distribution Fund	**12,035**	11,719
Cash drawn down	**(280,161)**	(288,606)
Balance at 31 March	**156,557**	174,424

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2025 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2024/25 £000s	2023/24 £000s
Other central Government bodies	**300**	–
Sundry	**159**	448
	459	448

Grants, sponsorship and donations are analysed as follows:

	2024/25 £000s	2023/24 £000s
OTHER CENTRAL GOVERNMENT BODIES		
National Endowment for Science, Technology and the Arts	**300**	–
SUNDRY		
Freelands Foundation	**–**	324
Other grants, sponsorship and donations	**159**	124
	459	448

4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. PENSIONS

Arts Council England are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2024/25 £000s	2023/24 £000s
Staff costs	**15,583**	14,818
Indirect staff costs	**(192)**	(59)
Premises	**1,066**	1,030
Supplies and services	**1,646**	1,442
Travel & Subsistence	**413**	379
Professional Fees	**707**	734
Central Costs	**185**	169
Other Recharges – contribution to Capital	**653**	250
	20,061	18,763
Corporate governance costs included above	**1,532**	1,500

7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2024/25 £000s	2023/24 £000s
Stated after charging:		
(a) Auditors' remuneration	**71**	69
(b) Staff travel, subsistence and hospitality	**413**	379

The fee for the statutory audit in 2024/25 is £71,070 (2023/24: £69,000). There were no fees payable to the auditors for non-audit services.

8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. RECEIVABLES

	31 MARCH 2025 £000s	31 MARCH 2024 £000s
Other receivables	**192**	11
	192	11

10. GRANT COMMITMENTS

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2025 £000s	31 MARCH 2024 £000s
Grant liabilities brought forward	**339,472**	419,556
Grant commitments made	**135,690**	191,522
Less: lapsed and revoked commitments	**(2,400)**	(3,651)
Grant liabilities paid	**(260,530)**	(267,954)
Balance of grant liabilities outstanding carried forward	**212,232**	339,472

AGEING OF GRANT LIABILITIES:	31 MARCH 2025 £000s	31 MARCH 2024 £000s
2023/24	**N/A**	203,034
2024/25	**198,731**	131,708
2025/26	**10,949**	4,530
2026/27	**1,714**	200
2027/28	**838**	–
	212,232	339,472

11. CURRENT LIABILITIES

	31 MARCH 2025 £000s	31 MARCH 2024 £000s
Trade payables	**47**	70
Other payables	**13**	13
	60	83

12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2024/25 £000s	2023/24 £000s
Operating surplus	**108,303**	44,881
Decrease in NLDF Balance	**17,867**	36,375
Increase in receivables and prepayments	**(181)**	(2)
Decrease in payables and grants outstanding	**(126,912)**	(81,165)
Net cash inflow/(outflow)	**(923)**	88

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2024/25 £000s	2023/24 £000s
Increase/(decrease) in cash and cash equivalents in the year	**(923)**	88
Funds at 1 April	**1,050**	962
Funds at 31 March	**127**	1,050

14. CASH AND CASH EQUIVALENTS

	1 APRIL 2024 £000s	CASH FLOW £000s	31 MARCH 2025 £000s
Cash at bank and cash equivalents	1,050	(923)	**127**
	1,050	(923)	**127**

15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2025 (31 March 2024: £nil).

16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2025 (31 March 2024: £nil).

17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset. Arts Council England has not needed to exercise these options during 2024/25.

18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2024/25 £000s	2023/24 £000s
Opening grant creditor balance as at 1 April	**19,302**	28,953
Grant commitment in the year	**–**	–
Grant payments in the year	**(9,651)**	(9,651)
Closing grant creditor balance as at 31 March	**9,651**	19,302

18b. VICTORIA & ALBERT MUSEUM (V&A)

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2024/25 £000s	2023/24 £000s
Opening grant creditor balance as at 1 April	**1,500**	188
Grant commitment in the year	**–**	1,500
Grant payments in the year	**(750)**	(188)
Closing grant creditor balance as at 31 March	**750**	1,500

18c. UNIVERSITY OF THE ARTS LONDON

The University of the Arts London (trading as Artsquest) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2024/25 £000s	2023/24 £000s
Opening grant creditor balance as at 1 April	**255**	382
Grant commitment in the year	**–**	–
Grant payments in the year	**(128)**	(127)
Closing grant creditor balance as at 31 March	**127**	**255**

18d. CREATIVE KERNOW LTD

Creative Kernow Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2024/25 £000s	2023/24 £000s
Opening grant creditor balance as at 01 April	**433**	650
Grant commitment in the year	**–**	–
Grant payments in the year	**(216)**	(217)
Closing grant creditor balance as at 31 March	**217**	**433**

18e. CAUSE4 LTD

Cause4 Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2024/25 £000s	2023/24 £000s
Opening grant creditor balance as at 1 April	1,019	1,528
Grant commitment in the year	–	–
Grant payments in the year	(510)	(509)
Closing grant creditor balance as at 31 March	**509**	**1,019**

19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2024 the fund balance was £174 million. This had decreased to £157 million by 31 March 2025, at which point there were £212 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income provided by Allwyn. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. LIQUIDITY RISK

In 2024/25, 99.83 per cent of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(59,907)

We are not exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £199 million over the next financial year.

LIQUID ASSETS AS AT 31 MARCH 2025:	£000s
Market value of National Lottery Distribution Fund investments	156,557
Cash and cash equivalents	127

19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as Government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £156,557,420.

In the year, the average return on these investments was 4.95 per cent (2023/24: 5.16 per cent).

	FUND BALANCE £000s	INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2024/25	156,557	12,035	4.95%	4.58%
2023/24	174,424	11,719	5.16%	4.64%
2022/23	210,799	4,952	2.32%	1.96%
2021/22	193,770	357	0.19%	0.14%
2020/21	210,563	148	0.10%	0.06%
2019/20	256,637	1,199	0.72%	0.48%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in the Government Banking Service.

The cash balance at the year end was £126,893.78.

19c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

19d. FINANCIAL ASSETS BY CATEGORY

	2024/2025 £000s	2023/2024 £000s
RECEIVABLES DUE WITHIN ONE YEAR		
Other receivables	**192**	11
	192	11
INVESTMENTS		
National Lottery Distribution Fund	**156,557**	174,424
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**127**	1,050
Total financial assets	**156,876**	175,485

19e. FINANCIAL LIABILITIES BY CATEGORY

	2024/2025 £000s	2023/2024 £000s
Trade payables	**48**	70
Other payables	**13**	13
Due to Arts Council Grant-in-Aid accounts	**4,490**	4,139
Grant payables falling due within one year	**198,731**	203,034
Grant payables falling due over one year	**13,501**	136,439
Total financial liabilities	**216,783**	343,694

Included within the financial liabilities are amounts such as grants outstanding and deferred income.

20. RELATED PARTIES

20a. COUNCIL MEMBERS

We maintain publicly available registers in which Council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2025 are detailed below. This includes the disclosure of relationships which are above and beyond the definition of related parties per Lottery Financial Reporting Framework.

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	66	33	–	Britten Sinfonia	Family member is Board Member
	37	18	–	Yorkshire Youth & Music	Family member is Employee
Abigail Pogson	150	75	–	North Music Trust	Managing Director
Andrew Lovett OBE	–	306	–	Association of Independent Museums	Chair
Andrew Miller MBE	–	1,844	–	Bradford Culture Company Ltd	Advisor/Consultant
	120	120	–	Disability Rights UK	Advisor/Consultant
	–	769	–	Graeae Theatre Company Ltd	Advisor/Consultant
	–	449	–	Royal Shakespeare Company	Deputy Chair
	–	79	–	Screen South	Consultant: Creating for Change Museums Strategic Disability Network member
Annabel Turpin	–	5,763	–	BookTrust	Executive Director is an acquaintance
	–	160	–	Future Arts Centres	Executive Director of organisation
	30	6	–	Oldham Council	Partner is employee
	–	603	–	Sunderland Culture	Board Member
	–	228	–	UK Storyhouse Ltd	Executive Director of organisation
David Bryan CBE	455	228	–	Battersea Arts Centre	Chair of organisation
	–	169	–	Creative Lives Charity Limited	Chair of organisation
	–	2,875	–	Ovalhouse Theatre Ltd	Chair of organisation
Phil Stokes	–	7	–	Groundwork London	Trustee
Sally Shaw MBE	–	627	–	Firstsite Ltd	Executive Director

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Sukhy Johal MBE	80	40	–	Lincolnshire Music Service	Advisory Board Member
	–	209	–	Lincolnshire County Council	Advisory Board Member of Lincolnshire Music Service
	49	225	–	North East Lincolnshire Council	Chair
	275	382	–	The University of Lincoln	Employee
	–	50	–	UK Research & Innovation	Board Member
YolanDa Brown OBE	–	800	–	Glyndebourne Productions Ltd	Other: LPO is Resident Orchestra
	–	18	–	London Philharmonic Orchestra Ltd	Advisory Board Member
	146	73	–	PRS for Music Foundation	Board Member
	500	285	–	Southbank Centre	Advisory Board Member
	–	9,651	–	The National Foundation for Youth Music	Chair
	–	3	–	University of Kent	Arts and Culture Chancellor

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	–	324	Freelands Foundation	Board Member
	25	3	–	Ligeti Quartet	Family member is Manager
	–	27	–	Tate Gallery	Curator
	–	3	–	Yorkshire Youth & Music	Family member is Employee
Andrew Miller MBE	5,000	3,697	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	1,538	–	Graeae Theatre Company Ltd	Advisor/Consultant
	250	25	–	Leeds 2023	Advisor/Consultant
	–	769	–	Royal Shakespeare Company	Trustee and Governor
	791	395	–	Screen South	Consultant
	–	205	–	Tête à Tête	Advisor/Consultant
	–	2,870	–	The Space	Advisor/Consultant
	3,250	1,788	–	Welsh National Opera	Trustee
Annabel Turpin	–	320	–	Future Arts Centres	Executive Director of organisation
	1,196	603	–	Sunderland Culture	Board Member
	–	456	–	UK Storyhouse Ltd	Executive Director of organisation
	29	29	–	Oldham Council	Partner is employee
David Bryan CBE	–	225	–	Battersea Arts Centre	Chair of organisation
	–	338	–	Creative Lives Charity Limited	Chair of organisation

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch	–	433	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	–	326	–	Artcore	Freelands Foundation Organisation
	29	452	–	Bath Spa University	Freelands Foundation Organisation
	–	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	624	355	–	Camden Arts Centre	Freelands Foundation Organisation
	–	496	–	Contains Art CIO	Freelands Foundation Organisation
	–	213	–	Counterpoints Arts	Freelands Foundation Organisation
	–	102	–	Drawing Room	Freelands Foundation Organisation
	–	1,664	–	Firstsite Ltd	Freelands Foundation Organisation
	–	204	–	Hastings Contemporary	Freelands Foundation Organisation
	–	–	324	Freelands Foundation	Founder and Chair
	141	1,880	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	25	–	Manchester Metropolitan University	Freelands Foundation Organisation
	–	1,818	–	Modern Art Oxford	Freelands Foundation Organisation
	–	89	–	National Art Collections Fund	Freelands Foundation Organisation
	450	650	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	–	855	–	Serendipity	Freelands Foundation Organisation
	–	1,629	–	Sheffield Museums Trust	Freelands Foundation Organisation
	–	740	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	–	8	–	Studio Voltaire	Freelands Foundation Organisation

COUNCIL MEMBER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	–	27	–	Tate Gallery	Freelands Foundation Organisation
	–	1,846	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	95	66	–	The Line	Freelands Foundation Organisation
	443	294	–	Tyne & Wear Archives & Museums	Freelands Foundation Organisation
	–	255	–	University of the Arts London (trading as Artquest)	Freelands Foundation Organisation
	30	30	–	University of Wolverhampton	Freelands Foundation Organisation
	199	174	–	Whitechapel Gallery	Freelands Foundation Organisation
	30	16	–	Whitworth Art Gallery	Freelands Foundation Organisation
	–	935	–	Wysing Arts Centre	Freelands Foundation Organisation
Paul Roberts	–	7	–	Nottingham Trent University	Steering Group Member
Sally Shaw MBE	–	1,664	–	Firstsite Ltd	Executive Director
Sukhy Johal MBE	481	225	–	Create North East Lincolnshire	Chair
	–	2	–	Lincolnshire Music Service	Advisory Board Member
	–	368	–	The University of Lincoln	Employee
William Bush CBE	–	15	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	183	72	–	London Philharmonic Orchestra	Advisory Board Member
	–	1,600	–	Glyndebourne Productions Ltd	Other: LPO is Resident Orchestra
	–	35	–	Southbank Centre	Advisory Board Member
	–	19,302	–	The National Foundation for Youth Music	Chair

20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2025 are detailed below.

DIRECTOR OR SENIOR MANAGER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025 £000s	BALANCE UNPAID AS AT 31 MARCH 2025 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2025 £000s	ORGANISATION	RELATIONSHIP TYPE
Laura Dyer	–	251	–	Bath Spa University	Family member attends the university
	250	152	–	Tate Gallery	Friend is an employee
Michelle Walker	30	30	–	Flintlock Theatre	Advisory Board Member
	41	21	–	Terrestrial	Employee
Peter Knott	92	46	–	Moving Together	Board Member
Phil Gibby	–	109	–	Academy for Contemporary Circus and Physical Theatre t/a Circomedia	Family member is Advisor/Consultant
	48	24	–	Action Hero	Family member is Advisor/Consultant
	46	16	–	Can't Sit Still	Family member is Board Member
	92	46	–	Moving Together	Board Member
	–	370	–	Northern Lines	Family member is Advisor/Consultant
	44	22	–	The Firebird Theatre	Family member is Advisor/Consultant
Rebecca Ball	–	603	–	Sunderland Culture	Employee
Simon Mellor OBE	–	251	–	Bath Spa University	Partner is an employee
	–	603	–	Sunderland Culture	Employee
	–	136	–	The Warren Youth Project	Friend is an employee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

DIRECTOR OR SENIOR MANAGER	EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	–	25	–	Manchester Metropolitan University	Financial donor
Michelle Walker	16	–	–	Wandsworth Council	Employee
Simon Mellor OBE	29	452	–	Bath Spa University	Partner is an employee
	–	272	–	The Warren Youth Project	Family relationship with employees

The declared interests of National Council members and Executive Board are available at the following link:

www.artscouncil.org.uk/our-organisation/national-council

The Remuneration Report (page 111) contains details of payments made to key personnel.

20c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Lottery Distribution Fund is similarly regarded as related party by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2025 £000s	**RECEIVABLES 31 MARCH 2025 £000s**	PAYABLES 31 MARCH 2024 £000s	RECEIVABLES 31 MARCH 2024 £000s
Balances with other DCMS Government bodies	**1,013**	**156,557**	1,861	174,424
Balances with other central Government bodies	**229**	**–**	10	–
Balances with academies	**1,460**	**–**	2,041	–
Balances with local authorities	**20,820**	**13**	22,426	–
Balances with NHS Trusts	**–**	**–**	832	–
Balances with public corporations and trading funds	**–**	**–**	–	–

	EXPENDITURE 31 MARCH 2025 £000s	**INCOME 31 MARCH 2025 £000s**	**EXPENDITURE 31 MARCH 2024 £000s**	**INCOME 31 MARCH 2024 £000s**
Transactions with other DCMS Government bodies	**325**	**262,294**	1,516	252,232
Transactions with other central Government bodies	**74**	**300**	–	–
Transactions with academies	**723**	**–**	86	–
Transactions with local authorities	**12,761**	**7**	14,625	–
Transactions with NHS Trusts	**–**	**–**	68	1
Transactions with public corporations and trading funds	**–**	**–**	–	–

21. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012, which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park. However, the level of uncertainty around it means that the financial effect cannot currently be measured with sufficient reliability.

Arts Council England did not have any contingent liabilities as at 31 March 2025.

22. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

23. LOSSES AND SPECIAL PAYMENTS

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments, losses relating to grants or ex-gratia payments. In the case of grant losses, this could be due to a grant withdrawal being impossible to recoup as a result of liquidation. The number and value of losses during 2024/25 were as follows:

	2024/2025 £000s	2023/2024 £000s
Total value of losses	**15**	32
Total number of losses	**1**	1

BRADFORD

National Lottery report

As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.

POLICY DIRECTIONS

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

a) The need to involve the public and local communities in making policies, setting priorities and distributing money

Our 10-year strategy for the arts, libraries and museums, **Let's Create**, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

b) Its assessment of the needs of the arts and culture and its priorities for addressing them

Let's Create sets out our commitment to our mission and our three Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our **Delivery Plan** it describes what success looks like, and how we measure progress towards the Outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England

The Creative People and Places (CPP) programme funds arts and culture projects in the bottom 33 per cent engaged places in arts and culture according to the Active Lives Survey.

The aims of the fund are:

— to engage more people from eligible places in a wide range of arts and cultural experiences as audiences and/or participants

— to empower communities to lead and shape local cultural provision

— to ensure excellence and relevance in both the engagement process and the creative and cultural experiences on offer

— to encourage partnerships between publicly funded, amateur, voluntary, community and commercial sectors, as well as collaboration across various cultural institutions

In 2024/25, Arts Council England used National Lottery investment to fund 38 CPP projects (delivered by consortiums) across 57 local authorities – all of them amongst the least engaged places in England according to the available data.

Since 2012/13, there have been over 17 million engagements with the CPP programme, and 90 per cent of people who participate in CPP weren't previously engaging regularly with creativity and culture.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

In 2024/25, six organisations were awarded £150,000 each from the National Lottery to continue to deliver the In Harmony programme. The programme is delivered across over 50 schools, working with over 10,000 pupils over an academic year.

The In Harmony programme aims to inspire and transform the lives of children and families in disadvantaged communities, through the power and discipline of ensemble music-making. Children and young people engage in intensive and high-quality musical opportunities through in-school and out-of-school provision, underpinned by a long-term partnership between a school and a music delivery organisation.

The programme is embedded into the school curriculum and addresses the whole family and community (supporting social, educational, and musical outcomes). It provides sustained and committed connection between inspirational professional musicians/ organisations, schools, and communities. The centralising of large ensemble playing provides a 'democratic' space in which many children and young people (and indeed teachers and school-based staff) can participate and progress equitably.

The programme has synergy with all three of **Let's Create** Outcomes, with a primary focus on social change. The programme has consistently evidenced impact on social, educational, and musical outcomes for children and young people facing barriers to participation, supporting them to progress their musical interests and potential.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

The 38 Creative People and Places Programmes receiving funding drawn from National Lottery funds in 2024/25 continue to innovate around enabling communities to take the lead in deciding what arts and culture activities they would like to experience in their place. Each of these programmes has put communities and community decision-making at the heart of arts and culture and have made significant contributions to strengthening community spirit, enriching the public realm and bringing people together through arts and culture. Two examples of CPP projects which have been continuing to innovate, develop and deliver with their communities in 2024/25 are:

Appetite CPP

In August 2024, Appetite CPP delivered the tenth anniversary edition of The Big Feast – a free, outdoor event in Stoke-on-Trent where art and artists pop up in streets, buildings and underused spaces of the city centre. This annual event is programmed by and with the community in Stoke on Trent and brings everyone together in a huge celebration of Arts and Culture in the town centre.

Heart of Glass CPP

Heart of Glass in St Helens and Knowsley is also celebrating 10 years since they began their Creative People and Places journey. One 2024/25 project is 'How to look after a grieving elephant and other social animals', a children's participatory project about grief with artist Jenny Gaskill. The project culminated in the creation of an art installation, which is travelling to different St Helens locations from December 2024 to December 2025. Visitors are invited to pick up a phone receiver and

listen to children's heartfelt advice on how to care for grieving animals, opening up a compassionate way to consider grief and loss, inspired by the ways animals naturally support each other.

f) The need to support volunteering and participation in the arts and community arts

The projects we support through our National Lottery Project Grants programme offer important opportunities for communities to volunteer and participate in the arts and to play a central role in how these projects are shaped and delivered within their community. Major Projects is a strand of our National Lottery Project Grants programme designed to support cultural projects of scale and ambition that will help us to deliver our strategic Outcome, A Creative and Cultural Country.

Through our Major Projects strand, we awarded National Literacy Trust £980,000 towards their Connecting Stories Project.

Through this project, they aim to deliver community-led literary activities in 14 places across England including a number of Arts Council England's Priority Places such as Sandwell, Stoke on Trent, Peterborough and Swindon.

They will use this funding in 2025 and 2026 to reach an estimated 30,000 disadvantaged children and young people and their families, bringing high-quality literary activities in schools and community spaces. A core principle of the Connecting Stories project is that all literary activities are inclusive and relevant, community-led and use local community stories. To achieve this aim, they will activate volunteers, known as Literacy Champions, to be credible community voices and to provide targeted, tailored messaging, bringing communities closer to the design and delivery of activities. They seek to ensure that communities are involved in decision making and to increase access and participation in literary activities at a hyperlocal level.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

Developing Your Creative Practice (DYCP) supports individual creative and cultural practitioners to focus on their development and take them to the next stage of their practice.

Joanne is a freelance consultant and coach with many years of experience leading and working in public, academic and specialist libraries. As a freelancer since early 2020, Joanne wanted time to deepen and broaden her practice, and to focus on sector developments, innovation and best practice to inform her work and best support library and other arts sector clients in the future.

Joanne says: "I'm passionate about the role of libraries, their place at the heart of communities, reflecting and responding to local needs. My main aims are to enable me to sustain and grow my business as a creative freelancer specialising in libraries, and bring my learning to library services for the benefit and sustainability of their services to the public."

Joanne's period of development includes attending the CILIP Professional Leadership conference and the Next Library conference. It also includes a study tour of Northern European libraries, seeking mentorship, and building networks and connections with Library leaders and innovators whilst gathering tools and resources.

Andrea is a multidisciplinary artist whose work is rooted in the dynamic relationship between sound and image, driven by their unique perspective as a deaf artist. Since 2012, their journey has involved commissions and collaborations with a range of artists and organisations including Brighter Sound, Tate Liverpool and Delia Derbyshire Day.

At a critical juncture of their career, the DYCP grant means they can learn new 3D and AI tools to evolve their visual language, as well as taking the time to develop and expand on their existing networks by seeking new collaborations.

Andrea's development activity includes a tailored online training programme, followed by weekly mentoring sessions. This intensive learning phase will give way to hands-on experimentation and testing of Andrea's new knowledge. Attending Ars Electronica Festival will provide access to a network of innovative professionals and potential future collaborations.

Andrea says: "Learning at my own pace, with guidance from mentors and accessible training, will build my confidence and independence as a creator and technologist… Ultimately, this development will push boundaries of my practice, creating work that is not only more innovative but also more inclusive and impactful."

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

We now ask everyone applying to National Lottery Project Grants for more than £30,000 about what they are doing to make their project environmentally responsible. Environmental Responsibility is one of our four Investment Principles, and responses to this question form part of our consideration in decision making. Collectively, they provide us with a rich and exciting insight into what applicants are doing to move their practice and their projects in an environmentally responsible direction now, across a vast variety of project types, disciplines and scales.

Thick and Tight were awarded £84,311 to make 12 short works making up 'Natural Behaviour': a series of performed portraits that form a dance experience merging variety show, gallery exhibition and science event. They aim to engage people in the difficult but vital topics of ecological crisis and the experiences of marginalised communities. This unique body of work with social engagement at its heart will form their core touring rep for 2025 and beyond.

The grant holder has placed environmental responsibility at the centre of the project: they are working with an environmental consultant to support them in making environmentally sustainable decisions across the project, and are undertaking carbon literacy training as a team. They're creating an Environmental Action Plan, and utilising available resources to calculate and analyse their carbon data. They're developing a Green Rider and green policies for use in their future touring, and are requesting environmental policies from key project partners. They will create an Environmental Sustainability Report outlining their journey, and will use this learning and data to make well-judged, data-based decisions for future touring phases and for their wider practice. It will be shared with others to assist benchmarking in the sector.

For over 30 years the National Forest has worked in partnership to transform a post-industrial landscape across 200 square miles of the Midlands, delivering social, economic and environmental benefits and demonstrating how trees can be the catalyst for regeneration and a positive future in the face of climate change. In 2024/25 the National Forest Company was awarded £74,102 towards a programme of four multi-artform collaborative projects that creatively explore connections to nature and green spaces with underserved communities in the Midlands. Through commissions, residencies

and other opportunities to co-create and participate, the projects provide a creative platform for climate care and action in a place where art, community and nature intersect.

The National Forest aims to be carbon neutral by 2045. Its Arts and Creativity Strategy commits to supporting environmental responsibility across the sector, reducing negative environmental impact and inspiring climate action. This project seeks to reduce carbon emissions, encourage low impact, circular methods of production and embed earth care and responsibility in its activities. Travel data is being gathered for all artists and partners, and participants where possible, to give a baseline for future projects. The aim is for 50 per cent of artist/partner travel to be via sustainable modes.

Materials and production methods will be tracked, with green procurement encouraged (eg equipment borrowed via hire or local tool library). The aim is that 70 per cent of production materials will be reused/upcycled, and that 60 per cent of procurement happens within a 30-mile radius. Underpinning this, the project team will undertake training in climate literacy and regenerative practices.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

Place Partnerships is a strand of our National Lottery Project Grants programme which supports projects which make strategic placed-based interventions intended to make a long-term difference to the creative and cultural life of a local community. These projects provide a clear step change in provision in that place. They are informed by robust needs analysis and respond to relevant local strategies.

As part of our **Delivery Plan 2021-24**, we identified 54 places across England in which our investment and engagement is too low, and the opportunity for us to effectively increase investment and engagement is high. These 54 places are known as Priority Places, and we have prioritised working with them.

One such Priority Place is Rochdale, where we have awarded the Rochdale Development Agency £750,000 for the project Rochdale Creates Place Partnership. This is an ambitious two-year Place Partnership project which aims to unite Rochdale's creative sector to deliver a strategic, flexible and responsive programme of transformational activities which can attract inward investment and respond to local needs.

According to the Office for National Statistics (ONS), Rochdale is currently the fifteenth most deprived borough in England. Historically, Rochdale has suffered from low levels of engagement and investment, and has had limited opportunities for audiences to access cultural activities and for artists to be able to build careers locally.

This project aims to respond to this need by developing opportunities for children and young people and nurturing the next generation of cultural producers and consumers in Rochdale. Through this project, they aim to create a resilient, ambitious and sustainable cultural sector, audiences and markets for culture, and a fit-for-purpose cultural infrastructure.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

Let's Create sets out good governance and leadership as critical to inspiring positive change and growing teams that are inclusive, are able to draw on the widest possible range of ideas and experiences, and that can adapt to a rapidly changing external environment.

Anjali Dance Company were awarded £39,490 through National Lottery Project Grants to support their organisational development as a disabled-led dance company based in Derby.

Their project has three strands: test and develop inclusive governance structures to attract and retain disabled leaders; find a new

base for the company; and deliver specialist training for learning disabled freelancers.

Their project aims to make a difference through addressing a critical skills gap in the sector and increasing paid work opportunities for learning disabled artists, as well as demonstrating a sector-wide example of how access leads to excellence and innovative opportunities.

l) The desirability of working jointly with other organisations, including other distributors

Over the past year, Arts Council England has been talking to a range of people working at scale in dance and theatre – dance companies, presenting venues, publicly funded producers and commercial producers – to identify common challenges and to co-design a new funding programme to meet the needs of the sector.

We found that increases in production and touring costs are suppressing supply and that management teams, boards and investors – facing funding challenges on a number of fronts – do not have the confidence to take a financial risk on touring. Audience behaviour has shifted due to the cost of living, meaning less predictable ticket sales and greater financial uncertainty all round. This means that less work is being produced – and where work is being produced, it may not be able to tour.

We know that producing, touring and presenting theatre and dance at scale relies on an interdependent ecology of commercial, independent and publicly funded organisations, so we asked ourselves and the sector – is there a better, self-sustaining way to get more great work to more people in more places?

The result is the Incentivising Touring scheme, launched in 2024/25, which we co-designed closely with industry representatives (including an external working group). We will award £5 million of National Lottery money in the form of repayable grants to producers of mid- and large-scale theatre and dance. Those tours that realise their commercial potential will pay back the money to the Arts Council, allowing us to recycle the investment for other tours. It is designed to reduce some of the financial risk of touring and at the same time increase confidence and leverage other investment. The scheme is the result of consultation and deep collaboration with representatives from across the industry.

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding. During 2024/25 our standard terms and conditions for grants have been updated to reinforce the importance and value of this condition.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have been reviewed and developed over a number of years to ensure that we have the necessary

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information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. In 2024/25, a total of 2,596 awards were made with a total value of £105 million (2023/24: 2,951 awards with a value of £122 million).
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

   Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

   In 2024/25, 1,280 awards were made with a total value of £29 million. In 2023/24, 1,279 awards were made with a total value of £21 million.

FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

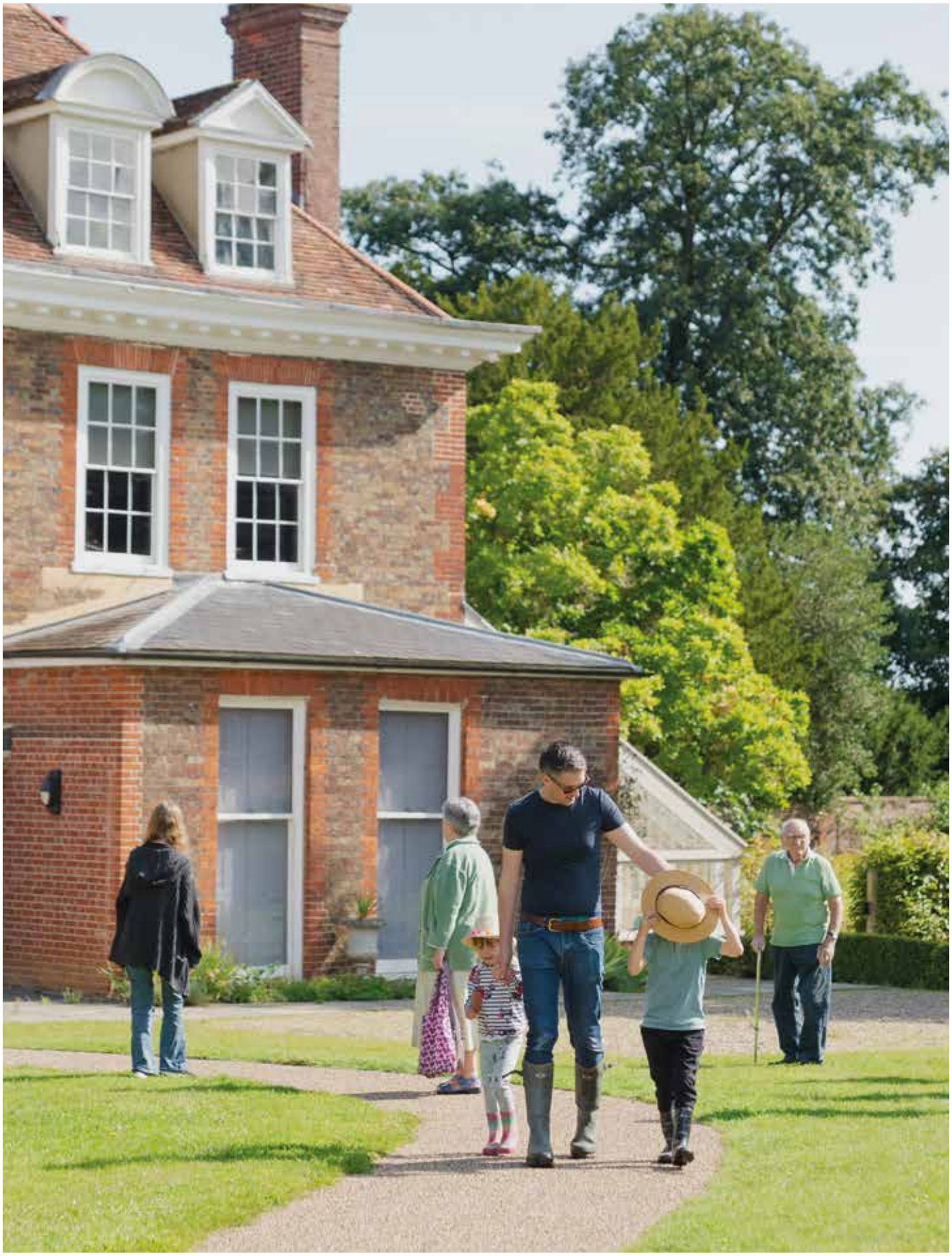
> The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2024/25. A copy of the Statement of Financial Requirements is publicly available here.

LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 7.75 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2024/25 were approximately £570,000 less than the target and approximately £1.17 million more than last year.



1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2023/24 £M ACTUAL	2024/25 £M ACTUAL	2024/25 £M TARGET
ACTUAL ADMINISTRATION COSTS*	17.63	17.10	15.68	18.76	18.54	19.72	20.28

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2023/24 £M ACTUAL	2024/25 £M ACTUAL	2024/25 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	16.34	14.95	13.78	15.41	16.63	14.64	15.06

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS
** FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 ACTUAL	2023/24 ACTUAL	2024/25 ACTUAL
ACTUAL ADMINISTRATION COSTS AS A % OF LOTTERY INCOME*	7.08%	6.75%	6.18%	7.45%	7.48%	7.54%

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £30,000:	8 weeks
Applications for funding for £30,001 and above:	12 weeks

YEAR		A	B	C
2020/21	Actual	94.95%	95.50%	95.06%
2021/22	Actual	99.70%	87.90%	97.30%
2022/23	Actual	99.88%	99.80%	99.87%
2023/24	Actual	99.33%	96.77%	98.96%
2024/25	**Actual**	**99.55%**	**95.38%**	**98.93%**
2019/20	**TARGET**	**95%**	**95%**	**95%**

A % of applications for **up to £30,000** (or up to £15,000 between 2019 and November 2021) processed within their published processing time (six weeks up to the end of January 2021; 10 weeks from February 2021 until October 2023; **eight weeks** from November 2023 to present)

B % of applications for **over £30,000** (or over £15,000 between 2019 and November 2021) processed within their published processing time (12 weeks up to end of January 2021; 16 weeks from February 2021 to October 2023; **12 weeks** from November 2023 to present)

C Overall % of applications processed within their published target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from six/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving. This was revised back down to eight/12 weeks in November 2023.

POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding. We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

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In order of appearance

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UK Government | 30 YEARS OF CHANGING LIVES

THE ARTS COUNCIL OF ENGLAND

England & Wales - Charity number 1036733

Accounts

Arts Council England,
Grant-in-Aid and National Lottery
Distribution 2023/24

Annual Report & Accounts

For the year ended 31 March 2024

HC 173

ARTS COUNCIL ENGLAND GRANT-IN-AID AND NATIONAL LOTTERY DISTRIBUTION ANNUAL REPORT AND ACCOUNTS 2023-2024

FOR THE PERIOD 1 APRIL 2023
TO 31 MARCH 2024

Presented to Parliament pursuant to sections 34(3) and 35(5) of the National Lottery Act 1993 (as amended by the National Lottery Act 1998 and National Lottery Act 2006).

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HC 173

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Chair's report

01.

This has been an exciting and challenging year for Arts Council England with the start of our new National Portfolio in April 2023. The largest ever, it includes almost a thousand of the most outstanding and innovative arts organisations, museums and libraries across the country. Together, these organisations embrace and exhibit excellence in many forms, and alongside the individual artists, performers and organisations that receive funding through our other investment programmes, they demonstrate the value that public investment in creativity and culture can bring to villages, towns and cities across England. Their work and their impact stand as proof of the benefits that access to the highest quality in creative activities and cultural experiences has on the lives of people in all parts of the country.

There is an intrinsic value in creativity and culture. The emotions and inspiration that a live performance, a piece of music, a work of literature, an exhibition, or a painting or sculpture can evoke in us is something that has been recognised throughout time. I know the power of that myself. A visit to an exhibition at the Tate Gallery – *54-64 Painting & Sculpture of a Decade* – gave me a different perspective on the world; one that caused me to change direction and take the path that led me to a career in the arts.

This story is not particular to me. During my time as Chair of the Arts Council, I have heard countless similar stories. From young people who attend schools that are part of our Artsmark programme, or who work with one of the Music Hubs that we administer on behalf of the Department for Education. From people who have worked alongside artists to help shape cultural activities in their communities, as part of our Creative People and Places programme. And from those who, like me, were inspired by their experience at a creative or cultural event to explore new horizons.

One of the driving forces behind our strategy, *Let's Create*, is the belief that the best in creativity and culture – be that in classical music, opera, theatre, visual arts, dance, literature, or any other artform – should be available to more people in more places. Launched four years ago, it came about through conversation, consultation and collaboration. We spoke with those who work in creative and cultural organisations of all sizes: from artists, performers and musicians to museum workers and library staff. We also listened carefully to what the public wanted. It is their taxes and National Lottery ticket purchases that fund our investment.

The people we spoke to were quick to talk about the profound benefits that they felt creativity and culture brought to the places they called home. As well as the inspiration I have already touched upon, they described the ways in which access to culture can instil civic pride, attract economic investment, improve wellbeing, raise aspirations, and provide opportunities to young people to develop their creative talent. But they also told us about the lack of excellent art and

culture in many parts of our nation, and their disappointment that, although talent is everywhere, the opportunities for that talent to flourish are not. One of the purposes of *Let's Create* is to ensure that the benefits of a full and fulfilled creative and cultural life are not dependent on your background, or where you live.

I am pleased to say that since our new National Portfolio began its work in April 2023, we have begun to see that vision being realised. The recovery from the impact of the pandemic on audiences and revenue, coupled with especially high cost-inflation in the arts sector, has created severe challenges for many organisations, both large and small. However, individuals, companies and their governing boards have shown remarkable resilience and imagination. The organisations in which we are investing have continued to produce outstanding work, and in some parts of the country green shoots are appearing where previously there was little to see. Those organisations receiving regular support for the first time have created new jobs and have opened new opportunities to young people in many more places around the country. This is only possible because of the excellence that individual creative practitioners, arts organisations, museums and libraries display through their ambition, enterprise and innovation.

And yet, though there is much to celebrate, there are also continuing challenges in the arts, museums and libraries that reflect the challenges facing society as a whole, including competing demands on the public purse. For local authorities, which for so long have been our major partner in investing in the nation's creative and cultural life, there is too often a painful choice between which parts of the public realm to fund. It is one of the tasks of the Arts Council to make the case for investment in creativity and culture, working alongside our partners in the sector. To that end, we warmly welcomed the news in the Spring Budget that tax relief on new productions and commissions for our theatres, orchestras, museums and galleries is to be made permanent. New productions are the lifeblood of an organisation: every generation needs to be able to make its own statement about how it sees the world, and to contribute to the social and economic well-being of the whole country.

A vibrant creative and cultural sector is vital to our national life and to our nation's position in the world. British artists, performers and companies are admired across the globe, but sustaining and developing their collective voice requires funding from both the public and the private sectors. We have built a unique ecology in this country, but it requires continuing public investment to ensure that the arts and culture are available to all, in towns and villages as well as in our great cities. Let's Create is a response to an aspiration expressed by so many that we should encourage the best and enrich everyone's lives through culture.

It is an aspiration that we shall continue to strive to deliver.

Sir Nicholas Serota, CH
Chair, Arts Council England

Chief Executive's report

02.

One of the greatest joys of my job is having the chance to see, every day, how Arts Council England's investment helps artists, arts organisations, libraries and museums to create ambitious, innovative work in every part of our country.

Our new National Portfolio is helping to make that happen. It is our largest ever, with the greatest geographic spread of investment – ensuring that the very best in creativity and culture is within easier reach of more people.

For me personally, nothing beats being an audience member or visitor and joining with others in enjoying the sublime experience of a truly excellent creative or cultural event. One such experience for me this year was when I gathered with hundreds of others in Barrow-in-Furness to watch the opening night of the Royal Liverpool Philharmonic Orchestra's new residency in the town. Over the next three years – and I hope many more – the orchestra, which is part of our National Portfolio, will be a living, breathing part of Barrow, running a regular concert season which will showcase the high standard of work which delights audiences across the UK and around the world. The residency will also see them work with schools in the town, providing inspiration and raising the aspirations of the young people who live there. The RLPO offers a truly excellent example of an organisation grasping the range of what our strategy *Let's Create* is about: reaching new audiences in new ways; working with young people; and making sure that artistic ambition, innovation and excellence are central to every aspect of the creative and cultural output we invest in.

If you travel down the length of the Manchester Ship Canal from Liverpool, you will come to another of our National Portfolio Organisations whose work also embodies the value and values of *Let's Create*.

The Lowry is one the cultural keystones of the redevelopment of Salford Quays, housing the largest collection of paintings by L.S. Lowry on permanent display in the world. It is a venue that offers the people of Salford, more widely across Greater Manchester, and those visiting the area, the highest quality theatre, opera, dance, music, comedy and visual art – and it is also grounded in its community.

The Lowry is rightly proud of its record of working with people who live nearby, nurturing talent, raising aspirations, providing real routes to employment, and breaking down barriers for new audiences to be inspired by the best in creativity and culture. It is as ambitious and innovative in that work as it is in the performances and exhibitions it stages. Excellence runs like a golden thread through all it does.

Earlier this year, I heard first-hand from one of the young people with whom The Lowry has worked in the past. Jaiden Corfield, who grew up just a stone's throw from The Lowry, said that for many young people in his community, crime was seen as a career path. It was his sister, who was already attending a programme at the Lowry, who suggested Jaiden come with her as an alternative to

wandering around the streets. Taking part in the activities the Lowry offered gave Jaiden a glimpse of an alternative path; now, 10 years on from first walking into the building, he is passionate about how the inspiration he gained through engagement with creativity and culture changed his story. He is now a social entrepreneur who advocates and supports other young Salfordians to recognise and achieve their potential. And he is also a trustee of The Lowry.

Our strategy, *Let's Create*, is the basis for our investment in artists, arts organisations, museums and libraries. It offers a vision grounded in a simple idea: that everyone – regardless of their background, who they are, or where they live – should have access to the very best in creativity and culture.

The money we invest is not ours: it is taxpayers' and National Lottery players' money. And we need to make sure that they reap the benefits of that investment, whether they live in our capital or other big cities, our seaside or market towns, our rural villages or our suburbs, or any of the places we choose to make our home. Investing in this way pays dividends for the public, but also for the creative and cultural sector in our country. It widens the pool of people who are inspired by the work they experience. It brings in new audiences and helps to nurture the talent of the future.

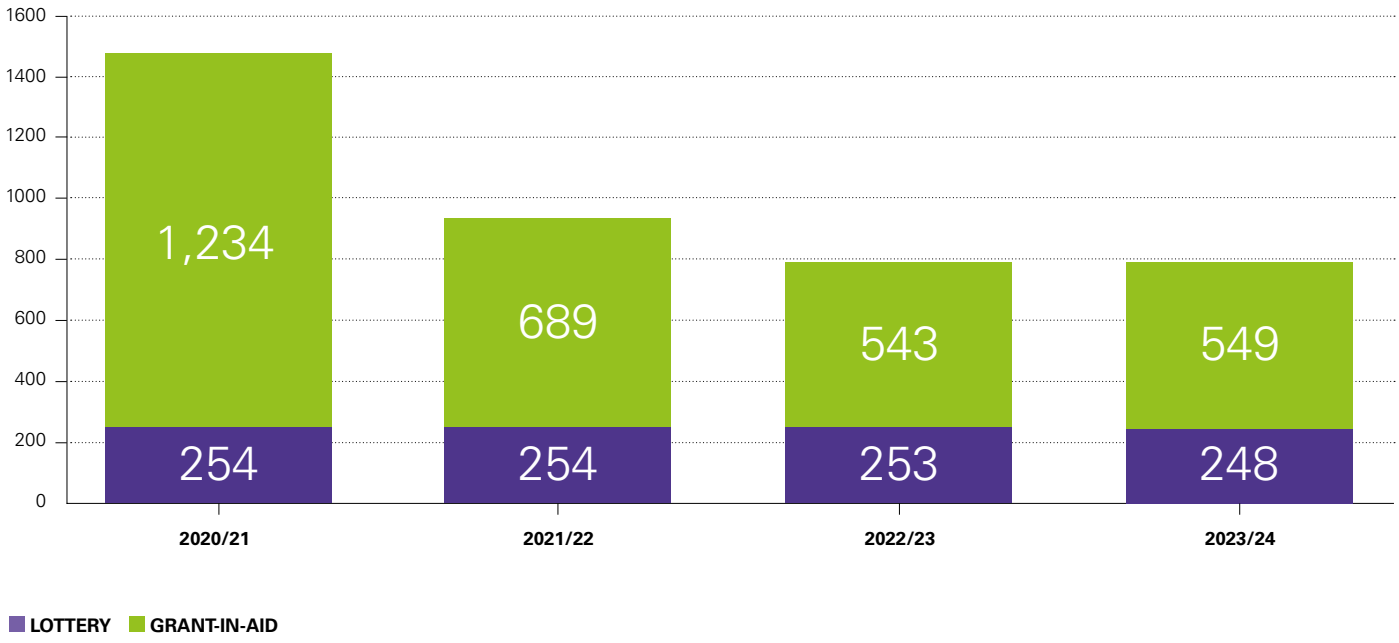
Under *Let's Create*, we are proud to invest in the work of internationally renowned organisations, from the Royal Opera House to the Royal Shakespeare Company, and from Birmingham Royal Ballet to the National Theatre. And we are just as proud to invest in organisations – such as the live music venue Future Yard on the Wirral, Bloomin' Buds Theatre Company in Bradford, literacy charity Grimm & Co in Rotherham, and Southampton-based Opera Up Close - whose names may not yet be widely known, but whose work forms the creative and cultural backbone of countless communities across England. They too bring joy and inspiration to thousands of people every day; their work is changing places, and lives. Crucially, they are as dedicated to creating and platforming work of vaulting quality and expansive, exciting ambition as their bigger, better-known cousins. They are proof that excellence, aspiration and innovation come in all shapes and sizes.

Access to creative activities and cultural experiences makes us happier and healthier. It provides a richness to our lives and, as it did for Jaiden, gives us a glimpse of new concepts, new ideas, and new ways of understanding our world. When we launched *Let's Create* four years ago, I said that our ambition was to be an Arts Council for the whole of England. For those who love opera and those who love jazz; for those who live in small villages and those who live in large cities; for the regular museum goer, or the first-time library borrower. And through the work highlighted in this annual report, I am proud to say that this is something we are achieving every day.

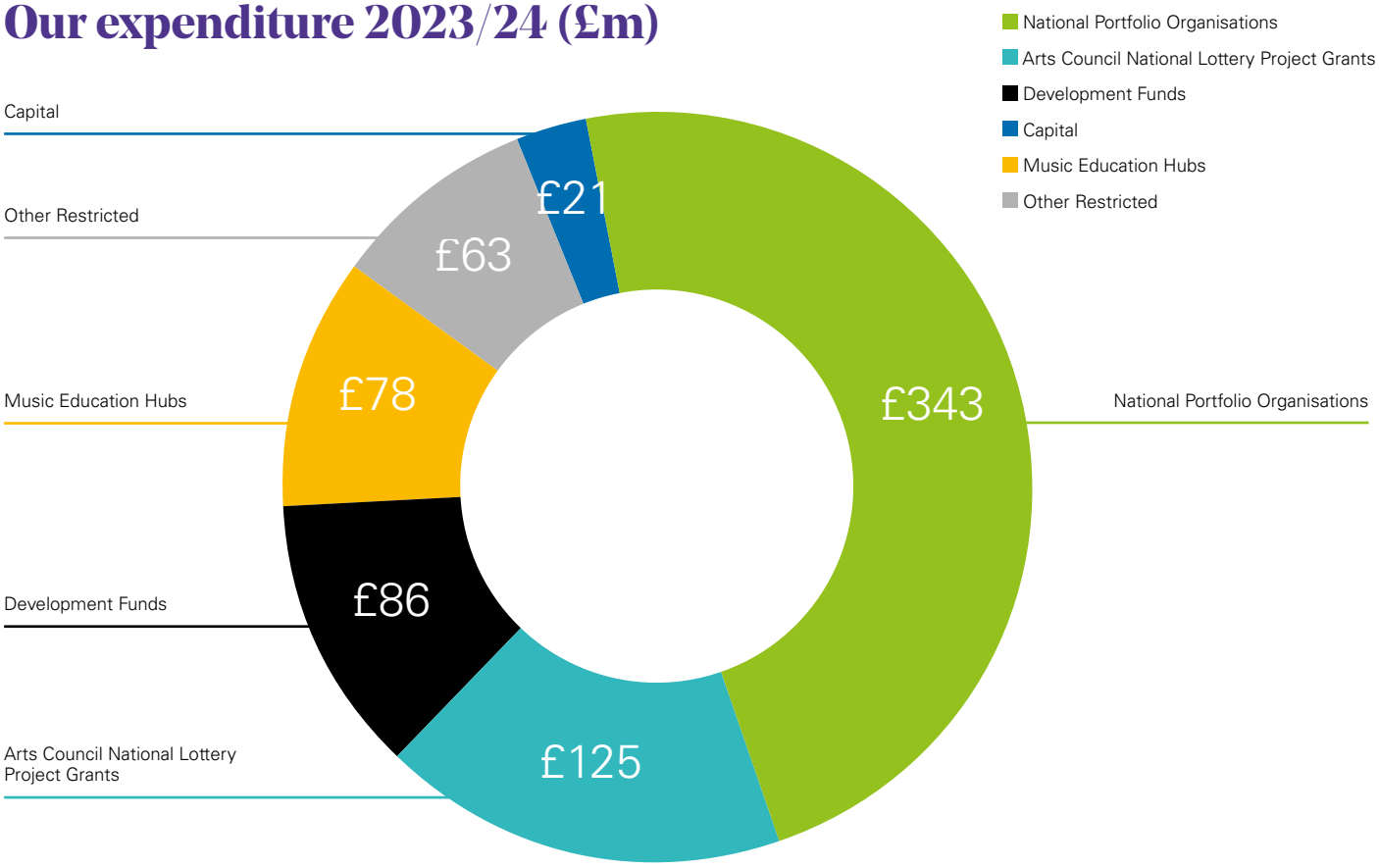
Dr Darren Henley, CBE
Chief Executive, Arts Council England

Our key numbers for 2023/24

Our total income (£m)

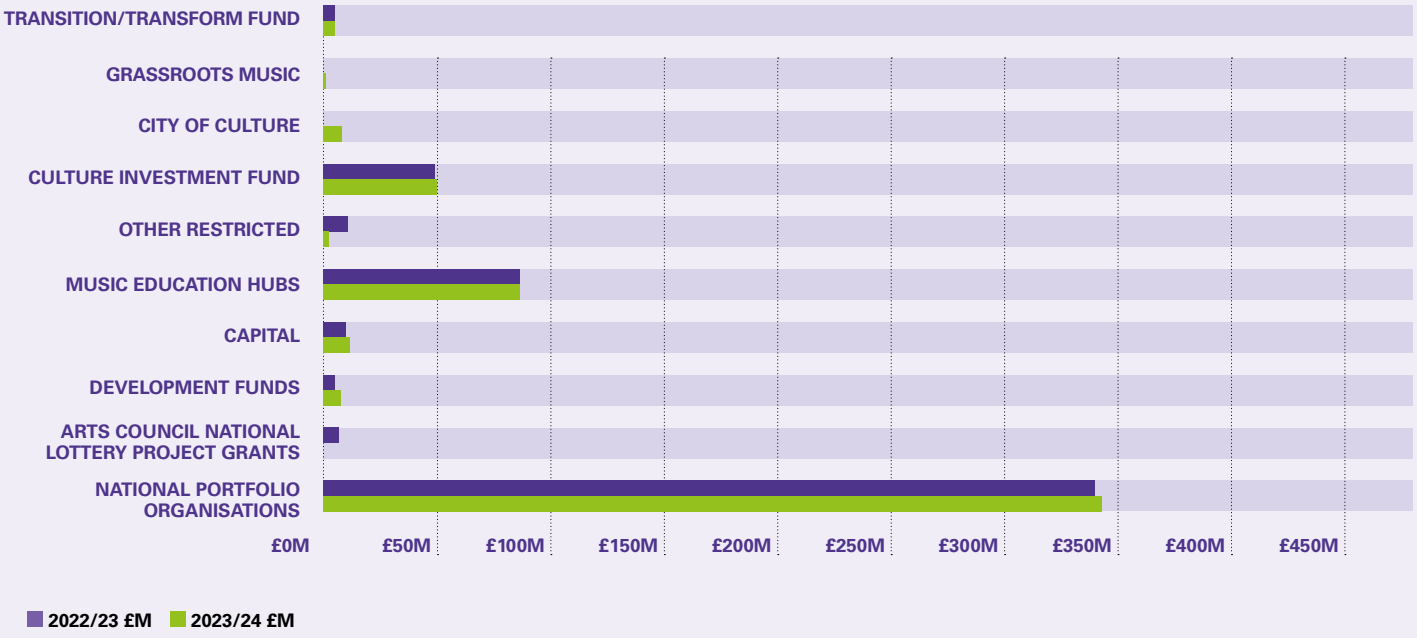


Our expenditure 2023/24 (£m)



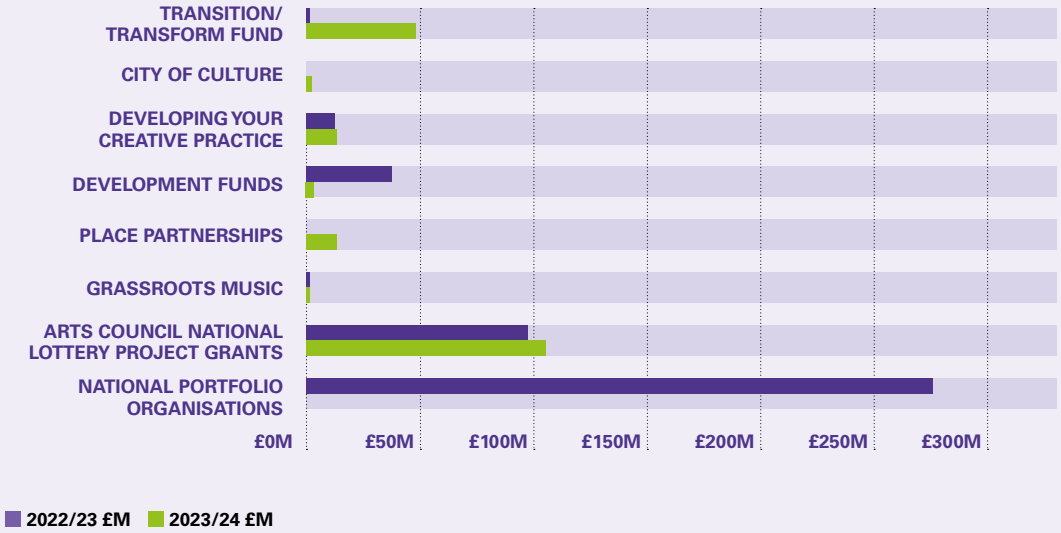
Grant-in-Aid expenditure

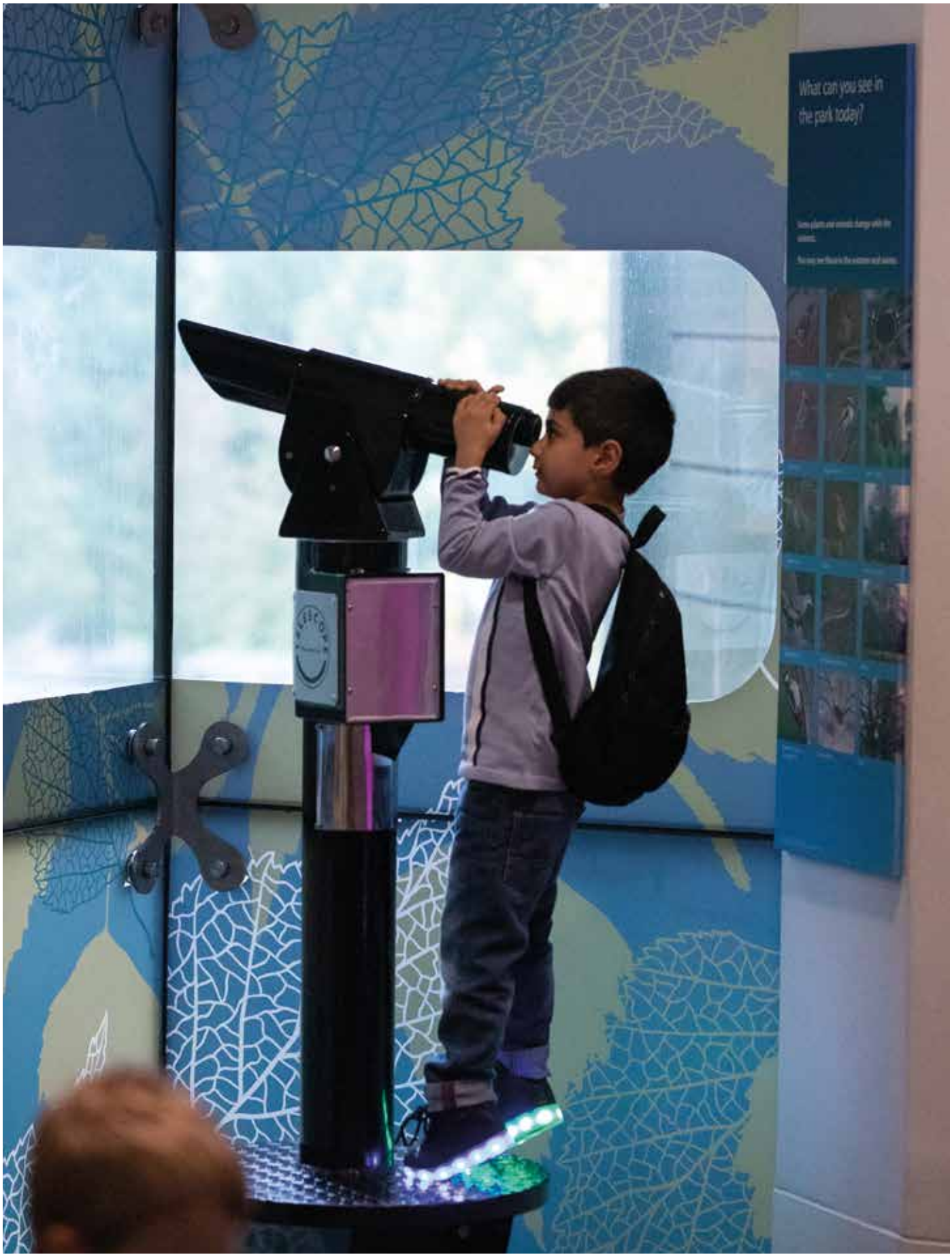
Grants-in-Aid awards made by Arts Council England during 2023/24 were as follows:



Lottery expenditure

Lottery grants made by Arts Council England during 2023/24 were as follows:




What can you see in the park today?

Our organisation

HOW WE MAKE THINGS HAPPEN

629

FTE EMPLOYEES

9.8%
Voluntary leaver rate in 2023-24

71%
Staff survey respondents reporting Arts Council as a good or one of the best places to work

80%
of staff survey respondents reported the work they do is meaningful to them

Percentage of Disabled/Deaf staff has increased from **5.6%** to **13.8%** in the last six years

9

OFFICES

Office utilisation efficiency has improved from **6.08m²** to **5.71m²** space per FTE

Majority of workforce located outside of London and the South East, and we maintain a meaningful local presence in regional centres in England

Successfully completed the relocation of our Newcastle office to a more efficient, better quality and greener office space, delivering annual savings of £60k pa and reducing carbon emissions

85

GOVERNANCE BODY MEMBERSHIP

15
National Council members

5
Area Councils

03.

Performance Report

Performance Overview

This **Performance Overview** outlines our aims, activities and how we performed during the year. It also outlines the key risks to our objectives and signposts where to find information on our future plans.

It is followed by a **Performance Analysis** which highlights progress made towards our strategic outcomes, Government priorities for the Arts Council and our Government-set KPIs.

Objectives

Arts Council England is the national development agency for creativity and culture. In 2020, we set out our 10-year strategic vision in *Let's Create*: by 2030, we want England to be a country in which the creativity of each of us is valued and given the chance to flourish, and where every one of us has access to a remarkable range of high-quality cultural experiences. We invest public money from the Government and the National Lottery to help support the sector and to deliver this vision.

Further information on our 10-year strategy and how we are structured is available from our website.

As part of *Let's Create*, we established long-term impact indicators by which we will measure progress against our strategic outcomes. Data to report against these measures is being gathered through the Participation Survey in partnership with the Department for Culture, Media and Sport (DCMS). This survey launched in 2023, and we will have a full year of data in late 2024. This first outturn of data will provide a baseline against the impact indicators, and subsequent years will have comparable data.

Operational Activity and Performance 2023/24

Investment

NUMBER OF GRANT APPLICATIONS PROCESSED

2023/24
(17,704 in 2022/23)[1]

NUMBER OF GRANTS AWARDED

2023/24
(5,988 in 2022/23)[2]

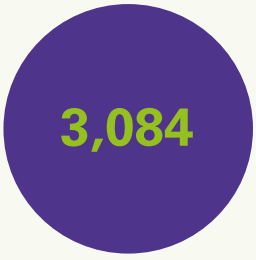
TOTAL NUMBER OF ORGANISATIONS IN RECEIPT OF ARTS COUNCIL FUNDING IN 2023/24

2023/24
(2,635 in 2022/23)[3]

NUMBER OF NATIONAL PORTFOLIO ORGANISATIONS

2023/24

NUMBER OF PROJECTS FUNDED THROUGH NATIONAL LOTTERY PROJECT GRANTS



2023/24
(2,992 in 2022/23)[4]

NUMBER OF ARTISTS/ CREATIVES WHO RECEIVED DEVELOPING YOUR CREATIVE PRACTICE AWARDS

2023/24
(1,542 in 2022/23)[5]

[1] Application / funding figures for 2022/23 differ slightly from figures for the same period published in the 2022/23 Annual Report and Accounts due to withdrawn applications or funding agreement changes.
[2] In 2022/23 we processed applications for the 2023-26 Investment Programme – 2023/24 was the first year of the portfolio. Application / funding figures for 2022/23 differ slightly from figures for the same period published in the 2022/23 Annual Report and Accounts due to withdrawn applications or funding agreement changes.
[3] Note: Some organisations received funding across multiple projects in different funding programmes during these funding years.
[4] Application / funding figures for 2022/23 may differ slightly from figures for the same period published in the 2022/23 Annual Report and Accounts due to withdrawn applications or funding agreement changes.
[5] Changes made to the programme in 2023/24 to increase the maximum award size to £12,000, increasing the average grant from £9,385 in 2022/23 to £11,416 in 2023/24.

Development

149,325

Number of queries dealt with by Customer Services through calls, emails and live chats

(145,088 in 2022/23)

3,175

Number of applicants supported by the Arts Council Access Support team

(1,888 in 2022/23)

5,207

Number of Export Licence applications processed

(5,559 in 2022/23)

754

Number of indemnities issued through Arts Council administered Government Indemnity Scheme (37,500 items)

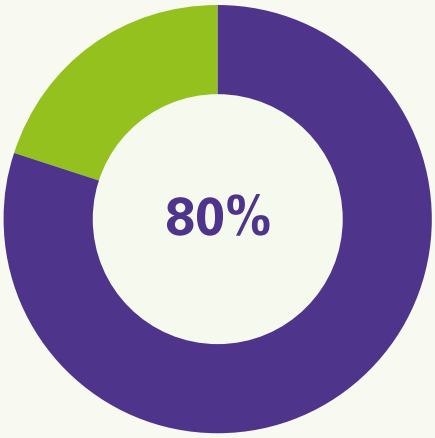
(731 indemnities and 29,203 items in 2022/23)

41

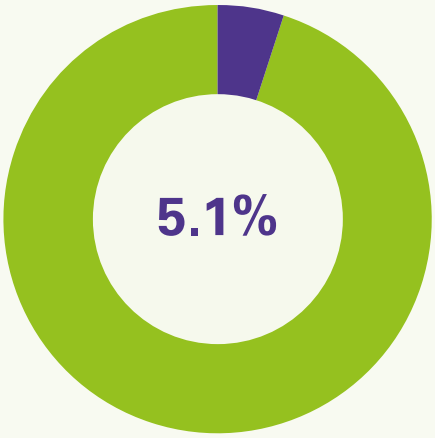
Number of Acceptance in Lieu and Cultural Gift Scheme Cases (376 objects)

(55 applications and 435 objects in 2022/23)

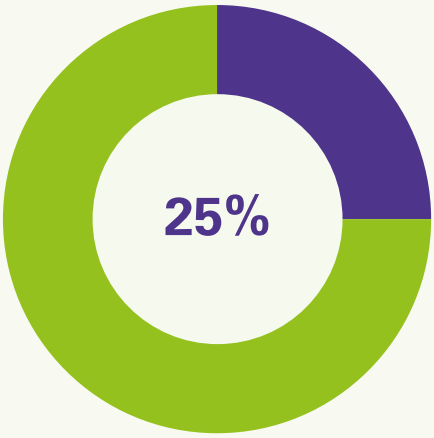
Our Organisation



Percentage
of staff based outside London
(79% 2022/23)



Percentage
spent on administration as a percentage of total turnover
(5.3% 2022/23)



Reduction
in Carbon emissions between 2019/20 and 2022/23

In 2023/24 we continued to deliver our investment programmes and core activity and delivered targeted pieces of work which addressed particular risks and opportunities – for example support for the grassroots music scene, supporting the Department for Culture, Media and Sport (DCMS) to build the case for the retention of tax reliefs, and planning delivery for 2024/25. Despite this, the percentage of our turnover spent on administration dropped from 5.3% (2022/23) to 5.1% (2023/24).

Delivery of Core Programmes	
National Portfolio Organisations (NPOs)	2023/24 was the first year of the Arts Council's 2023-26 portfolio, a combined investment of £444 million per year in 985 organisations across the country. National Portfolio Organisations (NPOs) play a vital role in delivering our three strategic outcomes, and the Government's priorities for the Arts Council as demonstrated by some of the examples in our performance report (pages 21 to 43). Embedding the new portfolio in its first year of funding was a significant amount of our work this year, including monitoring our investment's progress and the level of risk in the wake of the prevailing economic environment and sector-wide challenges such as Local Government funding decisions. Alongside NPOs, Investment Principles Support Organisations (IPSOs) play a central role in helping us deliver *Let's Create*. IPSOs are organisations that either embed and progress the Arts Council's four Investment Principles in their own organisation, or support other organisations and individuals to do so. IPSOs are committed to working collaboratively to demonstrate best practice in relation to our Investment Principles and play an important role in realising the vision which *Let's Create* sets out.
Music Hubs	We administer Music Hub funding on behalf of the Department for Education (DfE). Music Hubs have a critical role in delivering high-quality music education for all children and young people in and outside of schools. In addition to our ongoing support to Hubs, including monitoring and reporting on outcomes to the DfE, we launched and ran a competitive investment process for new Hub Lead Organisations for the 2024/25 academic year. This was the first competitive Hub investment process in around 10 years. It was a complex project which also involved establishing, in consultation with the sector and in partnership with the Department for Education, a smaller set of more Strategic Hub lead organisations. We announced the outcome of the competitive process in May 2024, and we are now working with the successful applicants to ensure a smooth transition to the new model.
National Lottery Project Grants (NLPG)	Throughout the year we delivered funding for creative and cultural projects through our open-access National Lottery Project Grants programme. National Lottery Project Grants is our most popular programme, supporting a broad range of creative and cultural projects. There was a 9.7% increase in demand for project grants in 2023/24: we processed 9,642 applications compared to 8,792 in 2022/23. A total of 3,084 projects were funded, benefitting artists and audiences across the country. These projects are expected to have an estimated audience of over 375 million people across live, digital and streaming events – including some audiences and visitors attending multiple events. During the year we also revamped our National Lottery Project Grants application process in response to feedback from applicants. We have made it easier to apply for smaller grants, provided more space to enable applicants to tell us about their projects, and produced new bite-sized online resources to support new applicants. We expect these changes to make a considerable difference to individuals and organisations that apply for the National Lottery Project Grants programme.

Delivery of Core Programmes

Developing Your Creative Practice (DYCP)

Our Developing Your Creative Practice programme funds cultural and creative practitioners that want to take time to focus on their creative development. We continue to see very high demand from artists and other creative practitioners for Developing Your Creative Practice grants. In 2023/24 we received 6,304 applications with 1,274 individuals awarded grants awarded from a £14.5 million fund, a success rate of 20.2%.

Culture Investment Fund (CIF)

The Culture Investment Fund is an umbrella name for three programmes which we deliver with the Department for Culture, Media and Sport in partnership with Historic England and the National Lottery Heritage Fund: Cultural Development Fund (CDF); Museum Estate and Development Fund (MEND); and the Libraries Improvement Fund (LIF). It offers capital funding for museums, libraries and cultural and heritage initiatives that are designed to make places more attractive to live, work and visit. Round 3 of the Libraries and Museums Culture Investment Funds were delivered in line with the programme timeline in 2023/24. 69 Museums and Libraries received funding to support improvements to their buildings and other infrastructure:

	Budget	Number of Expressions of Interest	Number of applications	Total funding requested	Number of awards
Museum Estate and Development Fund	£22.6 million	82	43	£39.4 million	26
Libraries Improvement Fund	£10.5 million	102	55	£14.2 million	43

Export Licensing

The Arts Council's Export Licensing Unit issues export licences for cultural goods on behalf of the Secretary of State. We are required by the Department for Culture, Media and Sport to process licences in five days and 99% of qualifying export licences were issued in that period during 2023/24.

Government Indemnity Scheme (GIS)

We received, reviewed, and processed 926 loan-out approval requests from UK national institutions. We conducted 208 security assessments for the Government Indemnity Scheme. In addition, we:

- produced the first 'Checklist of Information Required for National Loans Out'. The document was shared with all national institutions across the UK in 2023/24.
- completed the review and update of all Arts Council Security Guidance documents on the Collections Trust website, ensuring they were provided in accessible formats.

Acceptance in Lieu (AIL)

The Arts Council administers the Acceptance in Lieu scheme (AiL) for Cultural Objects and the Cultural Gift Scheme (CGS), which allows individuals and organisations to transfer important cultural objects to the nation in lieu of tax.

41 Acceptance in Lieu applications were processed in 2023/24 covering 376 objects, including 95 pots by British Potter Richard Batterham which were accepted and allocated across the UK, and the archive of children's book author and illustrator Shirley Hughes.

Three Cultural Gift Scheme cases were processed in 2023/24 covering 18 objects, with a further five under consideration.

We continued our development and advocacy work for the sector in 2023/24. Some examples of our advocacy and development work are set out below:

Advocacy and Development Highlights

Levelling Up Place Service (LUPS)

Launched in 2023, the Levelling Up Place support service is a partnership of seven Department for Culture, Media and Sport public bodies being led by Historic England and the Arts Council. It provides advice and practical support to councils and communities, delivering culture-led regeneration projects through the Levelling Up Fund. This is the first time the organisations have come together in this way to support culture regeneration projects. We have signposted resources and tools to towns in receipt of levelling up funds using our expertise in investing in and monitoring large capital projects.

Clore 'Leadership Now' Assemblies

In partnership with Clore Leadership we delivered a series of 'Leadership Now' assemblies for cultural leaders to explore the complex and rapidly evolving environment. The assemblies were designed to empower leaders to instigate collaborative solutions and foster a more connected, resilient, and thriving cultural leadership.

Tax Reliefs

We worked with the Department for Culture, Media and Sport and sector bodies to secure permanent higher rates of tax reliefs for theatres, orchestras, museums, and galleries. This yielded an additional £1 billion to the creative industries sector.

Grassroots Music

We worked with the Department for Culture, Media and Sport to develop the business case for the two-year extension to the Grassroots Live Music Fund. An additional £5 million for grassroots music was secured, extending critical support to the grassroots music sector. The grassroots music sector is a key talent pipeline for our music industry which is facing a combination of inflationary cost pressures and declining revenues with squeezed audiences' income.

Local Government funding

We have been gathering and monitoring data on the National Portfolio's vulnerability to reductions in Local Government funding and highlighting to central Government the risks to the sector.

We also meet regularly with a set of Local Government stakeholders to discuss the challenges and how we can work in partnership to address them.

Our organisation

Staff: As a national development agency, the knowledge and expertise of our staff are our greatest asset. Staff costs form a significant proportion of our operating costs, and our staff numbers have increased marginally during 2023/24 (see Staff Report on page 83). We commissioned an independent review of inclusion and belonging at the Arts Council and published the report in September 2023. The review recognised the high bar we're setting ourselves and that several of our practices are leading across comparable organisations within and beyond the sector. It also highlights some areas where we have work to do. We have been working over the year to implement the findings of the independent inclusion review and aim to deliver the recommendations by Spring 2025.

Environment: Our vision is to place environmental responsibility at the heart of all we do. We updated our Environmental Responsibility Action Plan for 2024/25, which you can read more about on page 52.

Data: We are transforming the Arts Council into a digitally enabled, user focused, and inclusive development agency which will help us deliver our strategic aims set out in *Let's Create*. This year saw two cornerstone projects, which underpin our ability to assess our progress with *Let's Create*, go into field:

- In partnership with the Department for Culture, Media and Sport, the Participation Survey questioned adults about participation and engagement with arts and culture down to a local authority level. The first results will be published in Autumn 2024. In addition, a Children and Young People's version of the Participation Survey was procured, with fieldwork starting in 2024/25 and a proposed completion date of March 2025.
- The Cultural Freelancers Survey looked to map the self-employed and freelance workforce and gather insight on the practicalities of working within the sector. You can read more about the Cultural Freelancers Survey on page 24.

In June 2023 we launched Illuminate, our new audience data and insights tool. To date, almost 64,000 events and activities funded by the Arts Council have been reported in Illuminate, as well as over 230,000 survey responses[6]. Illuminate is a free tool for cultural organisations to record their audience data and benchmark against regional and sector datasets. Organisations can analyse their data, understand who their audiences are, and see how to grow their audiences.

Key Risks and Future Uncertainties

The key risks and uncertainties the Arts Council is managing are:

Fragility within our sector

A buoyant and thriving sector with dynamic and resilient creatives, arts organisations, museums and libraries is vital to achieving our strategic outcomes. Yet there are a number of pressures on the sector that we are working with the sector and the Government to address, including:

- uncertainty around Local Authority funding
- the impact of inflation on running costs
- talent leaving the sector
- changes to philanthropic behaviour in the current economic climate
- the ongoing impact of the pandemic on audiences

[6] Events and activities include events that are delivered over multiple days or months, and activities delivered in one session.

We maintain close contact with stakeholders in working to mitigate these issues, such as monitoring financial risks with individual National Portfolio Organisations, collecting data to understand trends, reprofiling grants where appropriate and working with central government to communicate the importance of a healthy and well-supported sector.

General Election and Reviews of the Arts Council

We are committed to engaging positively with any upcoming reviews of the Arts Council that take place, as well as supporting any changes arising from the General Election. Both could affect both our priorities as an organisation, and initiate changes to the way the Arts Council operates. We also recognise that these present an opportunity for us to demonstrate the intrinsic value of arts and culture, as well as the significant contribution that the sector makes to our society, individual wellbeing, and the economy.

Uncertainties around our Grant-in-Aid and Lottery income

Our current settlement from Government runs up until 31 March 2025. It is expected that there will be a spending review later in the year which will determine public funding allocations for the Arts Council and other public bodies from April 2025. National Lottery operations switched to Allwyn in February 2024. Allwyn are proceeding with their investment programme in new technology and products. There is a reasonable expectation, based on their winning bid, that this will lead to increased ticket sales.

Further detail on the processes and governance structures we use to manage risk can be found on page 68.

Future plans

Our plans for 2024/25 include focusing on our core work, additional actions aligned to *Let's Create* including improving our effectiveness as a development agency, and addressing specific opportunities and risks facing our sector.

Our investments

We invest money from Government and the National Lottery to support creativity and culture across England so that everyone, wherever they live, can lead a happy, healthy and creative life.

We invest in organisations through five key funding programmes: the 2023-26 Investment Programme; Arts Council National Lottery Project Grants; Developing Your Creative Practice; Capital funds; and Music Hubs.

The organisations we invested the most funding in 2023/24 were[7]:

	Name of organisation	Arts Council Area	2023/24 received
1	The Royal Ballet and Opera (formally Royal Opera House)	London	£20.4 million
2	National Theatre	London	£16.2 million
3	Royal Shakespeare Company	Midlands	£16 million
4	Southbank Centre	London	£15.4 million
5	Bradford Culture Company Ltd (delivering Bradford City of Culture)	North	£14.1 million
6	Manchester International Festival and Factory International	North	£11.9 million
7	Opera North	North	£11.6 million
8	English National Opera	London	£11.3 million
9	The National Foundation for Youth Music	London	£9.7 million
10	Sadler's Wells	London	£8.4 million
11	Birmingham Royal Ballet	Midlands	£8 million
12	Tyne & Wear Archives & Museums (including Discovery Museum)	North	£6.6 million
13	Welsh National Opera	South West	£6.4 million
14	BookTrust	North	£6.4 million
15	English National Ballet	London	£6 million
16	Bolton Music Service (Music Hubs funding: Greater Manchester consortia lead organisation)	North	£3.8 million
17	Northern Ballet Limited	North	£3.8 million
18	North Music Trust	North	£3.8 million
19	Royal Liverpool Philharmonic	North	£3.4 million
20	Norfolk Museums Service	South East	£3.1 million

[7] This list shows the top 20 organisations receiving the most funding in 2023/24 across multiple projects. Note: where late payments for NPO 2022/23 extension projects were made in April 2023 for the 2018-22 NPO programme, these are not included in the figures. Organisations highlighted are part of the National Portfolio investment programme 2023-26.

Performance Analysis

Let's Create is built around three Outcomes which guide us to achieve our vision:

A Creative & Cultural Country

Cultural Communities

Creative People

This performance report highlights our work in 2023/24 and our investments which are contributing towards our strategic outcomes and Government priorities.

A CREATIVE & CULTURAL COUNTRY

England's cultural sector is innovative, collaborative and international

All of our work to deliver *Let's Create* in 2023/24 was built on our £444 million investment in a group of 985 National Portfolio Organisations (NPOs). They have delivered an exciting, ambitious and high-quality programme of productions, shows, events and publications that has made a difference, and is continuing to make a difference, to the lives of people across the country. Highlights of 2023/24 included:

- Sheffield Theatre's multiple award-winning production, **Standing at the Sky's Edge**, which transferred to the West End following sold-out runs at the National Theatre
- The Serpentine Gallery's presentation of the world premiere of Steve McQueen's film, **Grenfell**
- The Royal Ballet and Opera (formally The Royal Opera House)'s Kaija Saariaho's **Innocence** which received the Tait Award for Best New Opera Production at the 2024 Olivier Awards
- London Philharmonic Orchestra's and English National Opera Chorus' recording of Tippett's **The Midsummer Marriage** which won Gramophone Magazine's 2023 Opera Award
- The **Garden Museum**'s exhibition of the work of Antiguan artist, writer and environmentalist, Frank Walter, which is shortlisted for the Museums + Heritage Awards
- Ballet Black's **NINA: By Whatever Means** for which Isabela Coracy won the 2024 Olivier Award for Outstanding Achievement in Dance, and choreographer Mthuthuzeli November the 2023 Black British Theatre Award for Best Choreographer
- BookTrust's **Storytime** programme in partnership with CBeebies which takes place in over 2,500 libraries and promotes children's reading and sharing stories in areas of high deprivation
- The **Manchester International Festival** which returned in 2023, and for the first time took place at its new home at Aviva Studios. It welcomed over 350,000 visitors and attracted media attention from 140 outlets across the globe

Case study: Aviva Studios

The newly opened Aviva Studios is a landmark cultural space for Manchester and is the largest cultural project in England since the Tate Modern opened in 2000. Led by Manchester City Council with investment by the UK Government and the Arts Council through the National Lottery, the multi-use space will be used for intimate theatre shows and exhibitions, as well as huge multimedia performances and warehouse-scale concerts. It is also the new home for Factory International – the powerhouse behind the celebrated Manchester International Festival. Their Factory Academy also provides free training courses for young people wanting a career in the creative and cultural sector.

The venue, built on the site of the former Granada Television studios, forms the

cornerstone of the city's ambitions to develop the new St John's neighbourhood. It is predicted to add £1.1 billion to the regional economy in the next ten years and support around 1,500 jobs.

"Aviva Studios will create and support a great many jobs and add to the vibrancy which makes Manchester such an exciting city." – Cllr Bev Craig, Leader of Manchester City Council

In 2023/24, we supported our sector to develop a wider range of international partnerships

We know that international collaboration is essential to the development of creativity and culture in this country, and many of our National Portfolio Organisations work regularly overseas. Matthew Bourne's **New Adventures**, for instance, tours to more UK and international venues and gives more performances each year than any other UK dance company. It is British dance's biggest export and regularly tours to Asia and the USA.

Through our Developing Your Creative Practice programme, we supported 377 artists to seek partnerships and networks overseas with awards totalling £4,363,792. More than four out of ten of these awards were for activity in Europe.

As part of our work as a development agency, we worked with the British Council in Europe through partnerships in dance with Italy, and in visual arts with France. We invested £200,000 in UK-Germany partnerships in the third year of the **Cultural Bridge programme**. This collaboration between Arts Council England, the Arts Council of Northern Ireland, British Council, Creative Scotland, Fonds Soziokultur, Goethe-Institut London and Wales Arts International/Arts Council of Wales celebrates bilateral artistic partnerships between the UK and Germany. In February 2024 the Cultural Bridge programme announced 20 new partnership awards for UK and Germany-based organisations, including **ACCA** (Leeds) and **Vier.D** (Dortmund) who will continue their collaboration building on delivery of Femxle Spaces in 2023. Femxle Spaces is an intergenerational performance project by women from the twin cities of Leeds and Dortmund who reflected on their struggles and visions for the future. The cities share a similar history of industrial boom, decline and subsequent structural change that has shaped their urban lives:

> "Through this exchange we have extended our network, our knowledge and our community reach. And more importantly, the Cultural Bridge grant gave us, two small organisations with social-cultural ventures, the confidence and credibility that we belong."
> – Cultural Bridge Round 2 grantee

Working with Creative Scotland, Arts Council of Northern Ireland and Arts Council of Wales, we ran a second round of the Four Nations International Collaboration fund, investing in partnership building across the UK and internationally. Over the two rounds we have supported 77 projects worth over half a million pounds, involving 108 international partners in nearly 50 countries.

Through the International Touring and Environmental Responsibility partnership with Denmark, we invested in a collaborative project between **Aarhus Festival, Pavilion Dance South West, Askonas Holt** and **Bora Bora** to establish a 'Deep Touring' model for Dance. The group seed-funded two commissions, one of which – a piece by **Lila Dance** – went on to receive a £69,882 National Lottery Project Grant to pilot the new sustainable model and lead a sector talk on it at Aarhus festival, marking a step change in Lila's career as a dance practitioner.

Our investment allows us to bring world-class international culture to audiences in England and connect diaspora communities through culture. In 2023/24 we showcased world-class culture through **South by Southwest (SXSW)**, **Horizon** (Edinburgh), **Venice**

disability pavilion Trailer, and **Caravan** (Brighton). We supported Liverpool to host the 2023 **Eurovision Song Contest** and the **International Society for the Performing Arts (ISPA) 2023 Congress** in Manchester, and we worked in partnership with European Cultural institutes and funders abroad in collaborations including Newcastle and **Straslund Youth Dance Project**.

In 2023/24, we supported our sector to innovate by developing the use of new technologies

In the first year of the 2023-26 Investment Programme, we encouraged National Portfolio Organisations and Investment Principles Support Organisations to collaborate with the commercial creative industries and each other to embrace innovation, create new forms of cultural content, and experiment with ways of reaching new people in more parts of the country.

In 2023/24, as part of a major new investment in creative experimentation with new, immersive technologies, we invested £1.5 million in the **XRtists** programme. XRtists is a three-year, £6.5 million creative research and development innovation programme, run in partnership with the Arts and Humanities Research Council (AHRC), Arts Council Wales, Creative Scotland and Arts Council Northern Ireland. XRtists strengthens the UK creative immersive industries by creating a pipeline of 200+ funding opportunities to support organisations and individuals, providing access to creative technology, supporting knowledge exchange and mentoring, distributing between academic/creative industries/arts and culture sectors, and supporting collaboration and ecology building across all UK regions.

The Southbank Centre, Factory International, Midlands Arts Centre and STEAMhouse collaborated on **REFRAME**, a groundbreaking partnership to support Black creatives in the UK. The ambitious career acceleration programme was supported by Apple as part of its global Racial Equity and Justice Initiative and brought together a cohort of 80 emerging Black creatives aged 18-30 to make the art of the future.

Arts Council's **Digital Culture Network (DCN)** continued to increase the digital literacy of the arts and culture sector, providing free and practical support and supporting it to create new forms of cultural content and ways of reaching people. The Digital Culture Network delivered more one-to-one consultancy sessions and saw more webinar attendees than ever before in 2023/24, with 2,025 engagements compared to 813 in the previous year.

In 2023, the Digital Culture Network Awards recognised the best in digital transformation, digital engagement, and use of technology in creativity and culture. They received over 200 entries from 166 organisations and individuals across the country. You can read more about the Awards here.

In 2023/24, we supported our sector to continue developing diverse talent from every community

We focused on giving more opportunities to people to start – and sustain – a professional career in the creative industries, especially those who are currently under-represented.

Case study: The Royal Ballet and Opera

The Royal Ballet and Opera (formally Royal Opera House)'s Outreach programmes reached 53,000 young people and 1,500 teachers across the country in 2023/24.

The Royal Ballet and Opera's 'Create and Sing' programme provides creative learning resources to teachers, including classroom-based lesson plans and digital activities focused on the curriculum. It brought together 1,000 school children in Newcastle for a celebration of their journey into opera through the Create & Sing programme, and was featured on BBC News after schools from the David Ross Education Trust staged their own version of Hansel & Gretel at the Core Theatre in Corby.

The Royal Ballet and Opera also ran the 'Chance to Dance' programme in 2023/24, which gave primary school children from across the country the opportunity to take part in ballet activities. Over 250 children from schools across West Yorkshire came together for the launch of Chance to Dance in Bradford with a special, interactive performance by The Royal Ballet at Bradford's Alhambra Theatre. This was most of the children's first introduction to ballet and was led by Principal Character Artist and proud Bradfordian, Tom Whitehead. It was widely covered in the press and kickstarted conversations around how important these events are in widening access to ballet and inspiring children to take part in ballet.

To further strengthen the sector, our Investment Principles Support Organisations are delivering skills development support and our National Portfolio Organisations, such as **Access All Areas**, have created and helped sustain careers in the creative industries for emerging leaders. Access All Areas' Transforming Leadership programme for learning disabled and autistic leaders is the first of its kind and has seen its graduates employed across all aspects of theatre making.

This year we have conducted extensive research to better enable us to support individuals. This included the Cultural Freelancers Study, delivered by the University of Essex, which comprised a literature review, a survey, and a series of detailed focus groups and 1:1 interviews. We received over 4,000 responses to the survey and 200 freelancers took part in the interviews and focus groups, giving us a comprehensive understanding of the current context for practitioners across all our supported artforms and disciplines. We will use the findings from the study to inform our thinking for our future work and support for individuals.

More than **4,000** individuals took part in our Cultural Freelancers Study

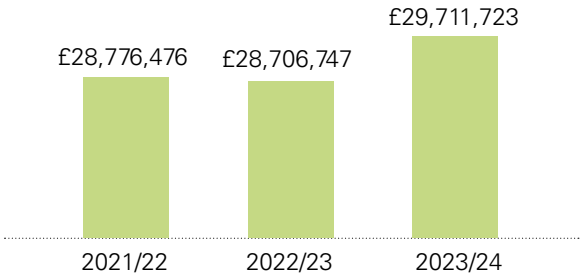
Alongside the Cultural Freelancers Study, we commissioned research from Night Time Economy Solutions to compile available resources to support practitioners to keep safe while working in the sector. We also commissioned Dr Julia Puebla-Fortier to compile resources intended to support the wellbeing of practitioners working in creative health and criminal justice settings. The resources are available on our website here.

Contributing to our role as a development agency, we published our new Consulting with Creative and Cultural Practitioners policy to share our approach with the sector. This

policy was developed to help freelancers' voices to be heard in the Arts Council's policy development. It sets out how Arts Council staff should work with practitioners on Arts Council projects and is intended to help practitioners and staff alike to understand our expectations and processes when working together.

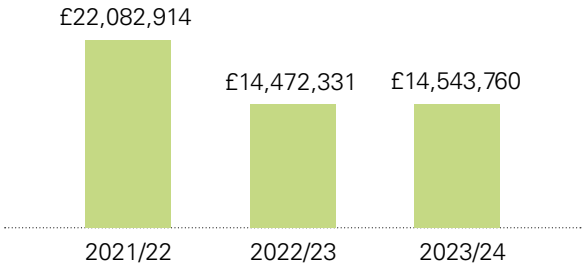
Alongside our development work for individuals, we have continued to invest in individual practitioners through National Lottery Project Grants and Developing your Creative Practice. This year, 39% of our National Lottery Project Grants (1,204 out of 3,084 awards) were made to individuals, totalling £29,711,723.

NLPG: AMOUNT AWARDED TO INDIVIDUALS



Developing your Creative Practice continues to support individual practitioners at pivotal moments in their practice development. The programme allows us to make small-scale but meaningful investments for a diverse array of creatives working across all the disciplines we support. Every project we support is unique to the needs of the individual applying, at the right moment for them. £14,543,760 was awarded to 1,274 individual practitioners through our Developing Your Creative Practice programme this year. In 2023 we made changes to the programme to increase the amount of money that applicants could apply for, increasing the average grant from £9,385 in 2022/23 to £11,416 in 2023/24.

DYCP: AMOUNT AWARDED



Case study: Developing Your Creative Practice recipient Jeremiah Brown

In 2023, Jeremiah Brown, a poet and photographer based in Croydon, was supported to further his work in creatively archiving and drawing on the stories of Caribbean elders by developing his practice to incorporate augmented reality. After making a successful theatre show based around interviews with his grandmother and becoming increasingly focused on archiving elders' stories, Jeremiah is now creating 'LIKKLE ArchiveXR', a storytelling experience in which artists will creatively archive the stories of Caribbean elders in augmented reality (AR).

> "I want to develop the skills to be able to utilise technology to make my community feel seen in an exciting new way. I love the digital permanence of AR and feel now is the time to move my practice in this new direction." – Jeremiah Brown

His Developing Your Creative Practice grant of £11,491 will support him to undertake training in new software skills, to devote time to working up this new piece, and to collaborate with artists and project participants in a new way.

In 2023/24, we offered 30 Place Partnership grants to support skills development in the sector. This includes the **Mercury Theatre** in Colchester, which received a £360,000 grant for a mentoring and professional development programme delivered across Essex. It breaks down barriers to successful careers in the creative industries and offers skills and professional support to build a local, resilient creative workforce.

30 Place Partnership grants supporting skills development this year

In 2023/24, we supported our sector to become more environmentally responsible

In 2023/24 we continued to support organisations and individuals in the creative and cultural sector to take action and meet the challenges of the climate and nature crises. We are committed to improving our environmental sustainability profile as one of our Government Priorities this year, in the work we do both internally and externally within the sector. We worked with Julie's Bicycle to deliver an ambitious Environmental Programme for National Portfolio Organisations, Investment Principles Support Organisations and the wider creative and cultural sector, and published free-to-access training, resources and tools to support environmental action. You can read more about our work in this area in the Sustainability Report section of this report on page 46.

We support organisations to embed environmental thinking in everything they do and are committed to funding those we invest in to embrace innovation – including in ways of working, designing, creating and building. Through National Lottery Project Grants, we funded a project to explore whether mycelium, a material made from the root network of fungi, can be used to construct sustainable temporary structures at festivals. The spiralling **Hayes Pavilion** was created at Glastonbury festival, led by Silver Hayes' Team Love and designed by Simon Carroll from Temple Design Studio in association with Big Team CIC, Glastonbury Festival and manufacturer, Biohm & Grown Bio. It challenged the industry's over-reliance on polystyrene foam and sparked conversation around using more sustainable material for the elaborate sets at festivals like Glastonbury.

We supported more artists and organisations to engage with climate in the work that they create, programme and support. For example, Guardians Worldwide's **Treemoot International Storytelling Festival** in South London is a unique outdoor experience supported by a National Lottery Project Grant. Artist Nic Salazar Sutil, along with seven guest artists, members of the public, and children from nearby forest schools, came together to celebrate the legacy of minority groups who have protected woodland in London.

Case study: Open Eye Gallery's LOOK Climate Lab

LOOK Climate Lab is a biennial programme which explores how photography can be a powerful tool for talking about climate change. Led by National Portfolio Organisation Open Eye Gallery in Liverpool, the project brought people together to explore the complexities of human-nature relationships and make positive changes to live more sustainable and connected lives. It showed how creativity can empower and inspire positive action on lowering carbon and caring for the natural environment.

As well as Climate Labs, showcases and exhibitions at Open Eye Gallery and in Ellesmere Port, LOOK Climate Lab commissioned work in Ukraine, Rwanda and Zambia. It connected school students and members of the community, and partnered with organisations such as Gaia Foundation, the Royal Horticultural Society, the Tree Council, Impressions Gallery, the University of Salford Art Collection and Energy House 2.0, Liverpool ONE, Wigan Borough Council and Mersey Forest.

CULTURAL COMMUNITIES

Villages, towns and cities thrive through a collaborative approach to culture

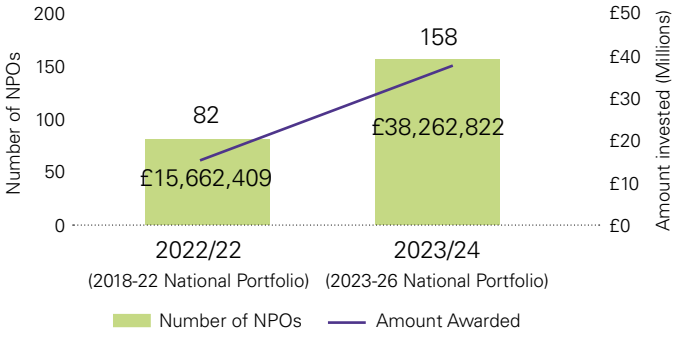
2023/24 was the first year of our new Investment Programme, with National Portfolio Organisations and Investment Principles Support Organisations making a difference in reaching new people in more parts of the country: improving lives, regenerating neighbourhoods, supporting local economies and bringing people together.

We believe that culture, and the experiences it offers, can have a deep and lasting effect on places and the people who live in them. That's why in our 2021-24 Delivery Plan, we identified 54 Priority Places in England where our investment and engagement has historically been too low, and the opportunity for us to effectively increase investment and engagement is high. In each Priority Place, we work with local stakeholders, setting bespoke objectives and increasing our staff time and investment across a range of funds. In 2023/24, 12.6% of our total investment was made in our Priority Places (£101.9 million).

£101.9 million invested in Priority Places in 2023/24

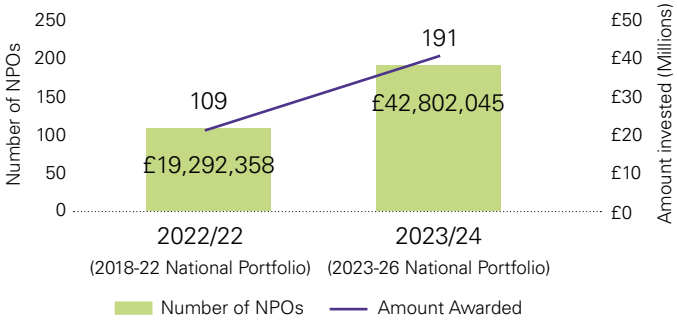
Building strong partnerships and increasing opportunities across the country was one of our 2023/24 Government priorities. In 2023/24, the first year of our new Investment Programme, we increased the number of National Portfolio Organisations based in Priority Places by 92.7% in comparison to the previous portfolio, meaning there are now 158 National Portfolio Organisations in Priority Places.

NUMBER OF NPOs IN PRIORITY PLACES WITH INVESTMENT



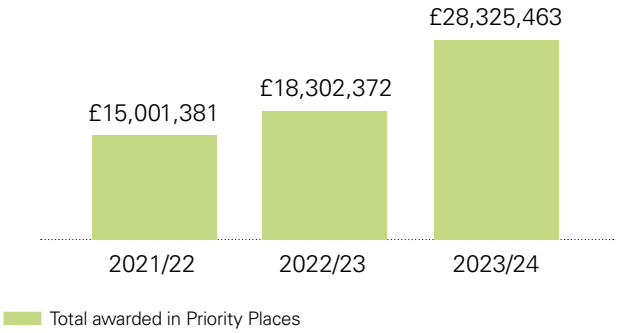
As part of our development agency role, we worked with the Department for Culture, Media and Sport to identify 109 local authority areas, all outside of Greater London, which are called Levelling Up for Culture Places (LUCPs). The 109 Levelling Up for Culture Places include all of the Arts Council's 54 Priority Places outside of Greater London. Through the 2023-26 Portfolio, Levelling Up for Culture Places will receive nearly £130 million over 3 years – representing an increase of 95%.

NUMBER OF NPOS IN LEVELLING UP FOR CULTURE PLACES WITH INVESTMENT



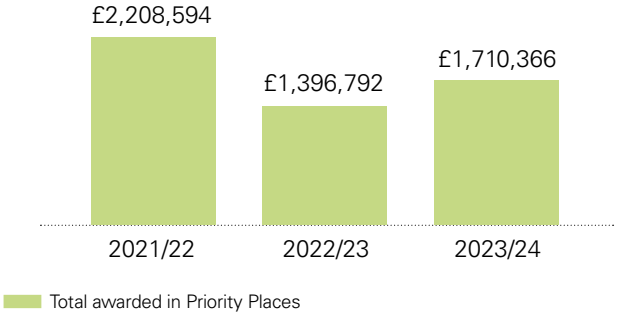
This year also saw an increase in investment through National Lottery Project Grants and Developing Your Creative Practice in Priority Places. The total amount invested through National Lottery Project Grants in Priority Places in 2023/24 increased by 54.8% to £28,325,463 in 2023/24, bringing the percentage of total National Lottery Project Grants awarded to Priority Places to nearly a quarter (22.6%) of all National Lottery Project Grants investment in 2023/24.

TOTAL AMOUNT INVESTED IN PRIORITY PLACES THROUGH NLPG



Developing Your Creative Practice investment in Priority Places in 2023/24 also increased to £1,710,366, a 22.4% increase from the previous year.[8]

TOTAL AMOUNT INVESTED IN PRIORITY PLACES THROUGH DYCP



Spotlight on Medway

Medway in Kent is one the 54 Priority Places we identified in 2021. We are proud to say that six arts organisations based in Medway are now part of our latest National Portfolio, compared to just one in 2018. Medway is also home to Ideas Test – one of 38 Creative People and Places projects we invest in across England that help local people shape the creative activities they want to take place in their communities.

We awarded £405,813 Place Partnership Funding to Medway Council to transform how the creative and health sectors work with communities, to make creativity central to wellbeing and preventative health interventions across Medway. The project will focus particularly on areas of high health inequalities in both Brompton and Luton in Kent. Our investment in Medway also includes investment from Levelling Up Funds and £3.5 million for the Docking Station project next to Chatham Historic Dockyard from the Department for Culture, Media and Sport's Cultural Development Fund. The project will become a focal point for creative activity in Medway, with an immersive digital studio space, gallery and exhibition spaces, teaching areas and facilities to support start-up enterprises. We have also supported the area's strategic approach to redevelopment by investing in the Creative Medway Compact and Medway Council's plans for creative and cultural quarters.

[8] 2021/22 was an exceptional year, with an extra £7.5 million invested into the Developing Your Creative Practice programme to support creative and cultural practitioners in the pandemic.

Spotlight on the Isles of Scilly

We have invested over £1 million in another of our Priority Places, the **Isles of Scilly**, since 2021. An award of £750,000 from the Arts Council's Capital Investment Programme has helped lever over £15 million of match funding to deliver a new cultural centre and museum. The world-class space is set to open in 2026 and will enable access to high-quality cultural experiences for many generations to come. Children and young people have played a key role in the development of these plans, leading OFSTED to comment on the "remarkable range of cultural experiences for pupils" and "powerful sense of community" in local schools, education settings, and the area. While funding appears relatively high for a population of 2,541 residents, the outcomes are sure to reach a larger audience through tourism – a local industry which was previously in decline. By attracting talent to the islands – such as multi-disciplinary artist Luke Jerram whose permanent moon sculpture *Luna* delighted the public at St Martin's Observatory – we expect to boost the local economy and leave a long-term legacy of cultural engagement.

Our development work and investment in cultural activities, arts organisations, museums and libraries has made a difference – particularly in our Priority Places and with under-represented groups

We have awarded £10.5 million to Library Services through the Libraries Improvement Fund (LIF) – part of the Government's Cultural Investment Fund. It has helped us make a big difference to communities by funding projects to improve library buildings and technology. One example is Newcastle Library using their almost £400,000 award to turn a disused part of the Walker Activity Dome into a new reading space.

Our national funding programme, Creative People and Places (CPP), means that people living in places that have lower levels of engagement with creativity and culture have more opportunities to take part. It funds partners in local areas so residents can decide the kind of creative activity they want to experience on their doorstep. CPP has had a huge impact on the lives of people of all ages across England. To provide security and stability for current projects, we announced an extension to the 2022-25 CPP National Portfolio for one year, to the end of March 2026.

Over 10 years we have invested **£108 million** in Creative People and Places

In 2023/24, we continued funding 38 Creative People and Places projects. This year, these covered 55 Local Authorities – including 33 Levelling Up for Culture Places, and 32 Priority Places – as part of our National Portfolio. Since 2012 we have invested over £108 million in the programme, and over the last 10 years (to March 2023), 8,800 cultural experiences were delivered, with people taking part over 13 million times. In July, 20 of the programmes visited the Houses of Parliament to meet MPs representing around 40 constituencies. We also shared a short celebratory film, which centres the voices of participants in the programme.

Case study: Strong Women of St Helens – Heart of Glass & Carrie Reichardt

In 2023, Merseyside-based community arts organisation and one of our Creative People and Places projects, **Heart of Glass**, worked with ceramic artist Carrie Reichardt. Communities of women across St Helens came together through ceramics workshops with Reichardt to collect stories of the strong women of St Helens – public figures and private heroes.

Families were encouraged to tell their own stories, and together, the women of St Helens worked with Reichardt to create a series of individual tiles that formed a large public mural on the side of the 'Connie Club', a female-run community space. The project captured the interest and imagination of the community who formed strong emotional connections to it. Since then, the project has secured further investment to expand across Knowsley.

We continued to support English museums to apply for funding to tackle maintenance backlogs and improve vital infrastructure work they otherwise would not be able to afford. One way we do that is through the Museum Estate and Development Fund which we deliver in partnership with the Department for Culture, Media and Sport. The capital fund is open to applications from all Accredited museums – that are not directly funded by the UK Government in England. In March 2024 the successful applicants for the fund's third round were announced, with a total of £22.6 million shared among 26 museums.

We awarded **£26.2 million** to 26 museums through the Museum Estate and Development Fund

It included nearly £500,000 for the **Dinosaur Isle Museum** on the Isle of Wight. The museum houses an internationally important collection of dinosaur skeletons and bones and boasts the country's second largest number after the Natural History Museum. The funds are being used to repair Dinosaur Isle's roof and improve its environment and lighting.

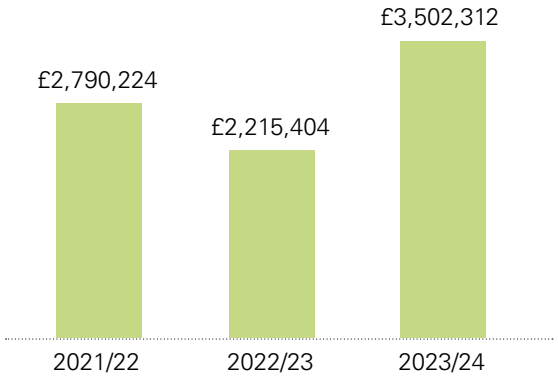
Improving the delivery of our funding programmes

Our National Lottery Project Grants programme is always open for applications, and in 2023 we made changes to the process to continue to support a broad range of arts, museums and libraries projects. We created new online resources, changed our website to make applying more straightforward, and gave people more space on application forms to allow them to describe projects in their own way.

£5.2 million awarded to Museums and Libraries through National Lottery Project Grants

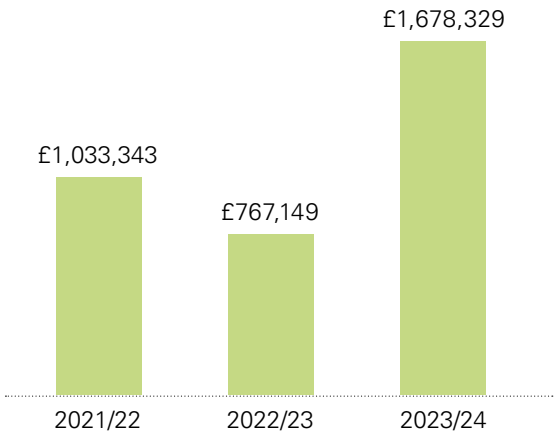
Two areas in particular that we saw significant increases in National Lottery Project Grants in 2023/24 were museums and libraries, with 45 grants awarded to museums totalling £3.5 million. This was a 58.1% increase on 2022/23, and we received 59.1% more applications to this programme for museum projects compared to last year.

NLPG: AMOUNT AWARDED FOR MUSEUM PROJECTS



In 2023/24, we also saw an increase in application numbers, number of successful applications, and the success rate for libraries applying to our National Lottery Project Grants fund. We invested £1.7 million into 25 library projects in 2023/24 – a 118.8% increase compared to 2022/23.

NLPG: AMOUNT AWARDED FOR LIBRARY PROJECTS



Bringing ambitious, innovative and excellent culture to everyone in 2023/24

Touring work of all disciplines is an important way in which the Arts Council achieves its goal of widening access and bringing high-quality culture to everyone. The total investment for touring through National Lottery Project Grants in 2023/24 was £11.6 million.

Case study: Royal Shakespeare Company

A Touring grant of £1.3 million has enabled the Royal Shakespeare Company (RSC) to deliver a transformative three-year touring programme in locations across England such as Bradford, Blackpool, Peterborough, Stoke, Skegness, Corby, Northampton and Middlesborough. From choosing the title to developing the creative approach, young people have been involved in all stages of the production process, with schools reporting a significant positive impact on pupils' literacy and learning.

Aiming to reach 63,000 people, the RSC seeks to democratise Shakespeare by reaching new audiences and placing co-creation at the heart of its touring programme. **Julius Caesar** in 2023 was the first production using this approach. Director Atri Banerjee's creative vision saw community choruses – who provide a commentary on the politics of the play from the perspective of marginalised identities – recruited in each touring region.

From 2024, the RSC has completed a 12-week national tour of schools and regional theatres with its 'First Encounters' version of **Romeo & Juliet**. After early research and development highlighted young people's interest in the impulsive actions of characters and their consequences, 260 young people have been cast in the role of the Prince's Council across touring venues. A total of 89 performances were seen by over 17,212 people, with 60% seeing their first Shakespeare play.

The Place Partnership strand of National Lottery Project Grants is for projects over £100,000 that are designed to help places transform the culture and creative lives of the community. For **Portsmouth Creates**, it has boosted creativity and culture in the city, in turn benefitting Portsmouth's cultural economy. We awarded £650,000 in October 2023 which will be invested over three years. This investment is supported by a further pledge of £450,000 from the founding partners of a Community Interest Company – Portsmouth City Council, the University of Portsmouth, and Victorious Festival. It means a total funding package of £1.1 million for the Place Partnership.

> "Since receiving the Place Partnership funding from Arts Council England in October 2023, our efforts have been focused on skills development, capacity building, and business support, continuing until April 2024. Throughout this period, we have engaged with over

700 creatives through various support events, workshops, and topic-specific seminars, aimed at enhancing the skill set of our sector.

As we transition into the new financial year, we are in the final stages of developing our Creative Youth Board and Mentoring programme for young people. This initiative will be officially launched at our We Connect Conference in July."

– Gemma Nichols, CEO, Portsmouth Creates

To make sure that ambitious, innovative and excellent culture is available and accessible to everyone, we have been working to develop **All In**. All In is the new UK access scheme for creativity and culture. All In wants to improve the experience of D/deaf, disabled and neurodivergent people, from booking a ticket to enjoying performances, exhibitions and other cultural activities. We launched the name, brand and website – allin.online – in November 2023. By March 2024, more than 850 creative and cultural organisations had expressed their interest in becoming part of All In. We are continuing to develop the digital membership system and accessibility standards with the ambition of moving to a pilot stage in Autumn 2024. The project is a collaboration between Arts Council England, Arts Council of Northern Ireland, Arts Council of Wales and Creative Scotland.

Our Place Based Peer Learning Programme focuses on the shared needs of Creative People and Places, Local Cultural Education Partnerships, and Cultural Compacts, with 14 events delivered in 2023/24. We also launched our Place Based Peer Learning Networking Platform, to enable those delivering arts and culture activity in a place-based way to connect and share best practice.

We are committed to using and analysing data to fully understand what outputs and outcomes we are delivering. In line with our Government priority for data in 2023/24, we are supporting the use of data in public plans through developing our Culture and Place Data Explorer. This is an easy to access, regularly updated hub of place data that includes our investment information and other data related to place. It will be a publicly available tool to support our 'place partners' to capture and analyse data to support the development and evaluation of place-based strategies.

Strengthening our communities through culture in 2023/24

We delivered the £2.54 million Levelling Up Places Service funded by the Department for Levelling Up, Housing and Communities throughout 2023/24 working collaboratively with the Department for Culture, Media and Sport's Arm's Length Bodies: Historic England, The National Lottery Community Fund, The National Lottery Heritage Fund, Sport England, the British Film Institute, and VisitEngland. In its first year, the Service has directly supported 68 Local Authorities (43% of Levelling Up Fund projects) by providing bespoke advice, and over 75 through its emerging peer learning programme. The service has also convened its partners and other government departments through five Area Towns Groups to support efficiencies in place-based working for these organisations.

We have also invested £110,000 into Cultural Compacts. These are cross-sector locally based groups – made up of local authorities, businesses, education providers, and cultural and community leaders – which work to put arts and culture at the centre of regeneration strategies in locations across England.

We know that making and experiencing creativity and culture can transform quality of life for individuals and communities, and we continued to invest in projects that support the growth of the creative health sector in 2023/24. We continued to work with the National Academy for Social Prescribing this year. Our £250,000 investment in the

Power of Music Fund will provide access to high-quality music and musicians, including dementia choirs and singing groups, to people with dementia and their carers. This will have a life-changing impact on their physical and mental wellbeing.

In September 2023, we funded the Culture Health and Wellbeing Alliance to publish its Creative Health Quality Framework, which sets out what 'good' looks like for arts and culture initiatives that aim to support people's health and wellbeing. We also invested £15,000 in the National Arts in Hospitals Network to produce a toolkit which will guide hospitals in embedding arts within their healthcare framework. Linking our work in places where creative health is a priority allows us to strengthen our partnerships with the NHS, social care and public health, while strengthening our communities through culture.

We have awarded £4.4 million of Department for Culture, Media and Sport investment through the **Know Your Neighbourhood Fund** – working with our delivery partners Libraries Connected, Association of Independent Museums, and Creative Lives – to strengthen communities across England. It has supported 26 library services, 11 museums and 60 arts, culture and community organisations to help tackle loneliness in our villages, towns and cities. It included funding extended opening hours to provide social activities and projects to encourage volunteering – which will help provide a legacy beyond the fund's lifetime.

CREATIVE PEOPLE

Everyone can develop and express creativity throughout their lives

This year we saw more people join in with creative and cultural activities and events both in-person and online. More people went to libraries, museums and galleries – with 90.5% of the adults who took part in our Participation Survey this year[9] taking part in creative and cultural activities in the past 12 months.

2023/24 was the first year of our new Investment Programme 2023-26, with our 985 National Portfolio Organisations (NPOs) and Investment Principles Support Organisations (IPSOs) already making a difference to the creative lives of the public.

Everyone can be creative and each of us has the potential to develop our creativity further, whether in singing, craft, dance, drama, writing or playing an instrument – and this year our funding has reached more people in even more parts of the country.

8 out of 10 of our National Portfolio Organisations work with children and young people

We want to see more children and young people, whatever their background, take part and develop creativity. Creating opportunities for children and young people and supporting young talent is one of the UK Government's priorities for the Arts Council. 782 out of 985 (79%) organisations in the 2023-26 Portfolio, including Investment Principles Support Organisations, are being funded to deliver work for children and young people. This is more than ever before.

[9] Survey conducted in partnership with the Department for Culture, Media and Sport.

We believe it's critical to support children to explore their creativity from an early age, and this year we have continued to support libraries and cultural organisations, community partners, and the public to come together to make high-quality experiences for all young children and their families.

Through our 2023-26 National Portfolio investment in **BookTrust**, the largest children's reading charity in the country, we've funded high-quality early years activities that reach families from a wide range of backgrounds in formal and informal settings – such as nursery schools, hospitals or community spaces. BookTrust's **Rhymetimes** provides a free and fun way for under-fives to develop a love of music and language. Libraries in Kent are also being funded to deliver ground-breaking work for Early Years, engaging parents and children in creative activities, and connecting with communities who may not have used the library service before.

Case study: BookTrust Toddler and Pre-schooler

BookTrust's Bookstart Baby programme gives every child in England a free Bookstart pack, including a book, information leaflet and finger puppet, before they reach their first birthday. The scheme also gives additional needs packs for babies and toddlers, black-and-white booklets for newborns and dual-language books too. By introducing books, stories and rhymes from an early age, the aim is to help create a lifelong love of books among children of all backgrounds and help new parents' confidence in reading with their child. Our early years work with disadvantaged families, Bookstart Toddler and Pre-schooler, reaches around 400,000 1 to 4 year-olds in low income families every year and establishes regular reading as part of family life. 82% of low-income families say they read more as a result of this programme.

Introducing books and stories into family life has helped new parents' bonding experiences and their child's development – for example for new parent Nathan and his nine-week-old son. They've used BookTrust resources, taken part in book-related family activities, and shared stories together. As a result, Nathan feels more supported. You can read more about Nathan's story here.

We continued our support for the Department for Education (DfE)'s investment in **Music Hubs** this year as a fund holder. Music Hubs are groups of organisations that support, deliver and enable access to music education, responding to local need and fulfilling the objectives set out in the National Plan for Music Education. There is a Music Hub for every area of England, which means that all children and young people can access high-quality music education. The latest figures show that Hub partnerships reached 956,096 children and young people through lessons, engaged with nearly 90% of schools, and continued to provide a diverse range of high-quality activity for pupils, as well as professional development opportunities for the workforce.[10]

956,096 children and young people took part in high quality music lessons

We also partner with the Department for Education as co-funder of **National Youth Music Organisations** which provide opportunities for thousands of young people across the country to progress their musical interests and potential. In March 2023, we announced the expansion of the cohort of National Youth Music Organisations, taking the total number from seven to 15. All 15 National Youth Music Organisations receive funding as part of the Arts Council's 2023-26 Investment Programme – totalling £4,043,665 annually, with the DfE contributing £524,410 a year towards the programme.

[10] Figures for academic year 2022/23.

Our National Youth Music Organisations are:

- Awards for Young Musicians
- British Music Theatre
- National Youth Folk Ensemble
- Milap Festival Trust (SAMYO)
- Music for Youth
- National Children's Orchestra of Great Britain
- National Youth Choir
- National Youth Jazz Collective
- National Youth Orchestra of Great Britain
- Open Up Music
- Orchestras for All
- Pagoda
- The National Youth Brass Band of Great Britain
- UD
- Sound and Music

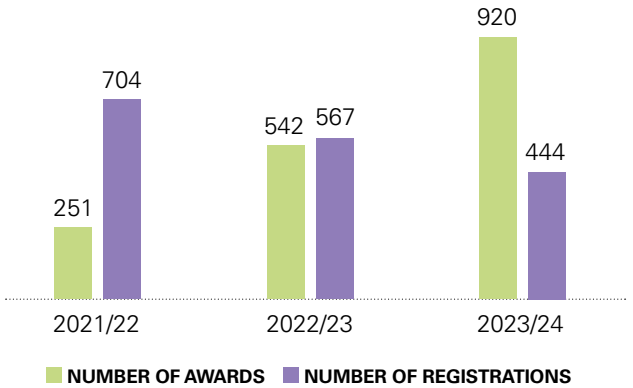
In 2023/24 we made some changes to expand the reach and accessibility of our **Artsmark** accreditation programme for school creativity and culture in England. It empowers teachers with the skills they need to embed arts, culture and creativity across the whole curriculum and is proven to support pupil engagement and wellbeing, teacher recruitment and retention as well as whole school improvement.

Goldsmiths, University of London, began delivering Artsmark training and support this year, and we began developing the Artsmark Cultural Education Network. This network has been designed to support schools, cultural organisations and the youth sector to improve their cultural offer by offering specialist advice through one-to-one support sessions, webinars and resources.

1,461 schools have an active Artsmark Award

Artsmark issued 919 awards in 2023/24 – the highest number since the programme refresh in 2015. Of these, 52% were Silver, 40% Gold and 8% Platinum. On average, 36 schools applied to Artsmark per month in 2023/24, and reports of significant improvement to wellbeing, attendance, school improvement plans and pupil outcomes have all been made from awarded schools during this time period.

ARTSMARK AWARDS AND REGISTRATIONS



Case Study: Grimm & Co

Grimm & Co, based in Rotherham, uses stories and writing to help children unleash their imaginations. From the moment children enter the world of Grimm & Co in Rotherham, they go on a magical, transformative journey, unleashing the power of their imaginations through storytelling. The organisation develops creativity, self-confidence and self-belief in each child it works with, to lasting effect.

This year, Grimm & Co opened its new writing centre which it bought thanks to a grant of nearly £500,000 from the Arts Council. Further investment from us, and the involvement of the team behind the creation of the Harry Potter Studios in London and Tokyo, has helped transform a former church in Rotherham into an Emporium of Stories. It is a magical place that will inspire and delight children for years to come.

We are supporting more inclusive and diverse organisations through the portfolio, widening creative opportunities for new audiences and participants. As well as supporting the next generation of creatives, we invested in and celebrated creative opportunities in local communities for people of all ages. Our partnership with the National Creative Ageing Conference held in October 2023 in Newcastle, hosted by the Baring Foundation, brought together people from the care, health and cultural sectors to share ideas.

Our investment in place-based partnerships has supported children and young people to fulfil their creative potential and access high-quality cultural experiences wherever they live, go to school, and spend their free time. Partners from across sectors responded to local needs and interests to drive a more joined-up cultural education offer, share resources, and improve the visibility of cultural education in their local area. The Arts Depot Trust's Place Partnership Project, **Barnet & Culture for Youth**, is one such project that will improve access to arts and culture for thousands of children and young people – particularly those outside mainstream education. Another example, **darts' Tuneful Chatter** in Doncaster, was awarded a £425,719 National Lottery Project Grants Place Partnership grant to support 0-to-five-year-olds to develop their communication, personal, social and emotional skills, enable children to be school ready, and allow professionals to sustain their practice.

In 2023/24 we supported more children and young people to develop their creative skills and potential, and build the skills that will fuel the success of the UK's creative industries and result in the next generation of creative talent across the country. We funded organisations through the National Portfolio to support pathways to creative careers, including London-based **Small Green Shoots** who work with young people aged 16-24 who are not in education, employment or training to offer an alternative pathway to creative careers in the music and wider creative industries through workshops, mentoring and industry placements. **The Gap Arts Project** in Balsall Heath received investment from the Arts Council to offer development opportunities for local young people, support them to develop their creative practice, further their involvement, and prepare them to enter the wider arts and cultural sector workplace.

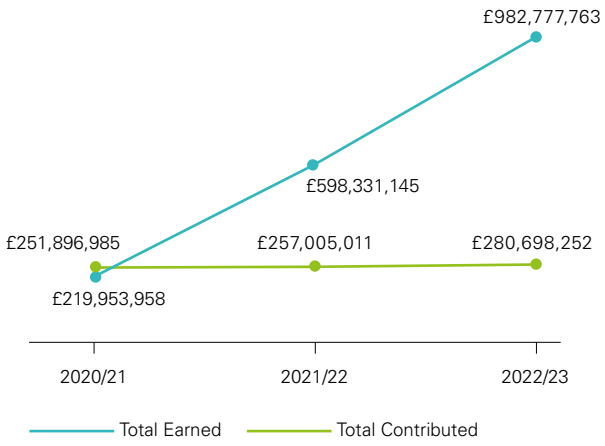
CULTURE, MEDIA AND SPORT KEY PERFORMANCE INDICATORS

The Secretary of State for Culture, Media and Sport (DCMS) sets priorities and key performance indicators (KPIs) for Arts Council England. These performance indicators may be reviewed over the duration of the Arts Council's management agreement with DCMS. The data for the first four Key Performance Indictors (KPIs 1-4) reflect 2022/23 due to the schedule in which we collect data from our National Portfolio Organisations.

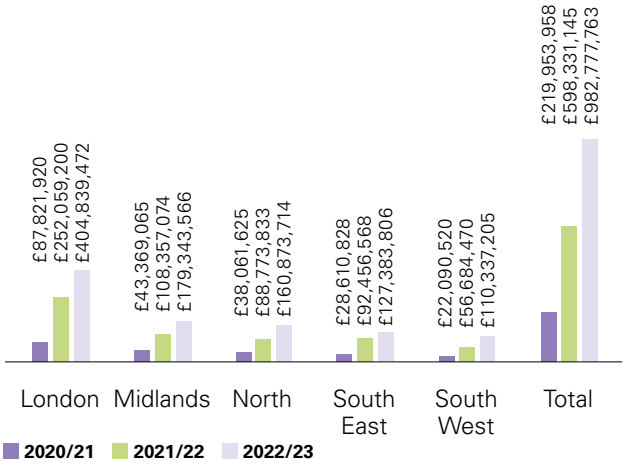
KPI 1: Contributed and earned income in National Portfolio Organisations

Earned income has increased significantly since the low of 2020, though this was also affected by increasing rates of inflation. Contributed income – for example money given to an organisation as a gift or grant – has stayed relatively stable in the period.

TOTAL EARNED AND CONTRIBUTED INCOME: ALL ENGLAND



EARNED INCOME BY ARTS COUNCIL AREA

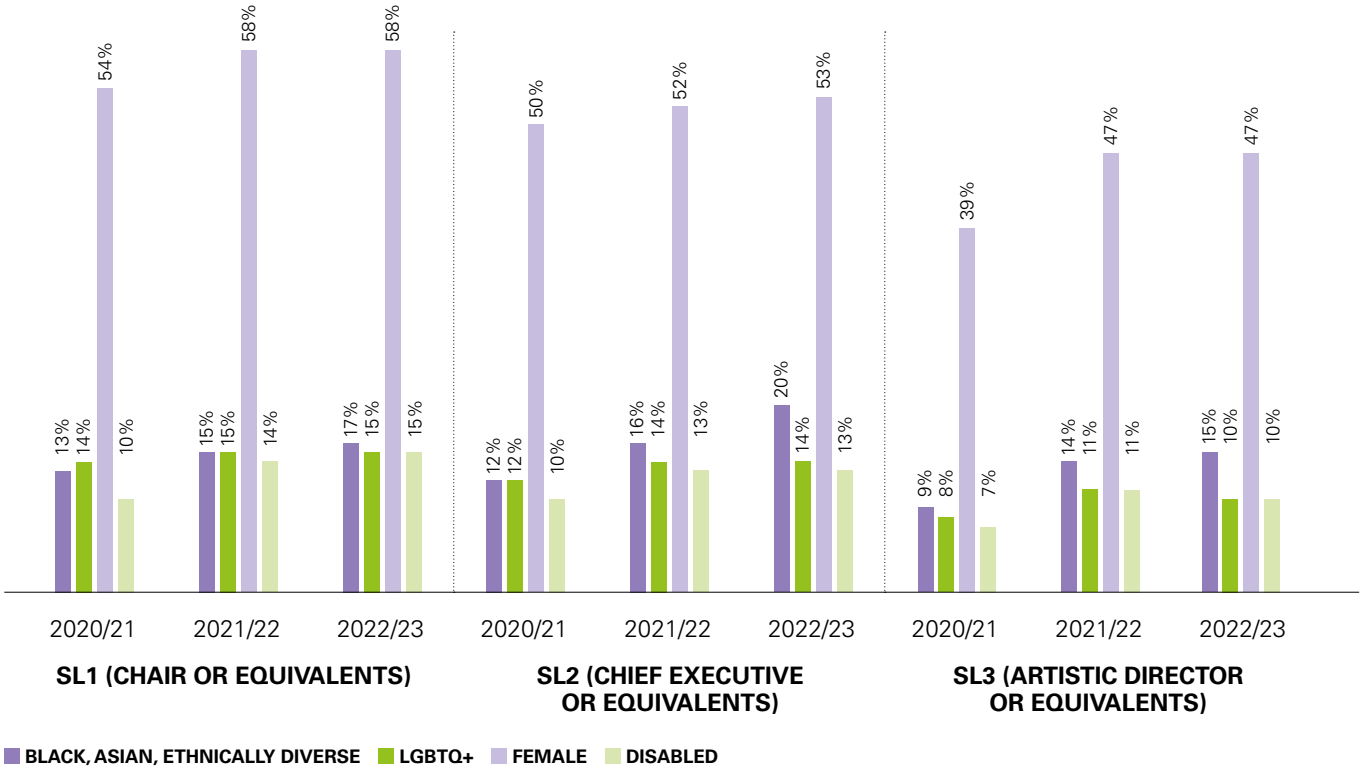


CONTRIBUTED INCOME BY ARTS COUNCIL AREA

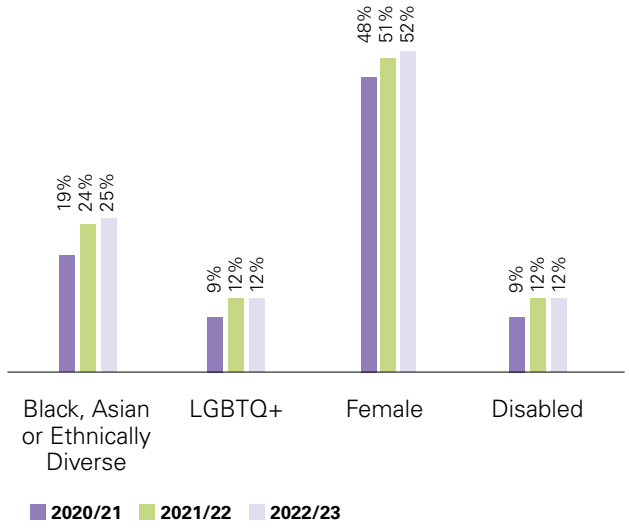
KPI 2: Percentages for each protected characteristic (Black/Asian/Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background across National Portfolio Organisation (NPO) Leadership teams and permanent workforces

The following charts show the demographic and socio-economic breakdown of senior leadership positions, boards, and permanent workforces of National Portfolio Organisations. These figures should be read with the awareness that the number of people in the workforce has fluctuated over that time due to the pandemic.[11]

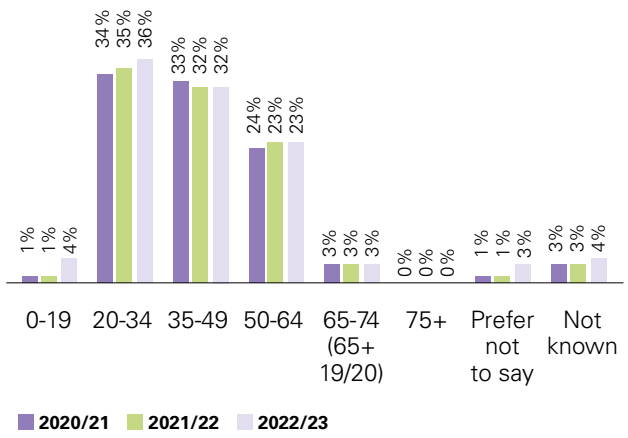
NPO SENIOR LEADERSHIP POSITIONS



NPO BOARD

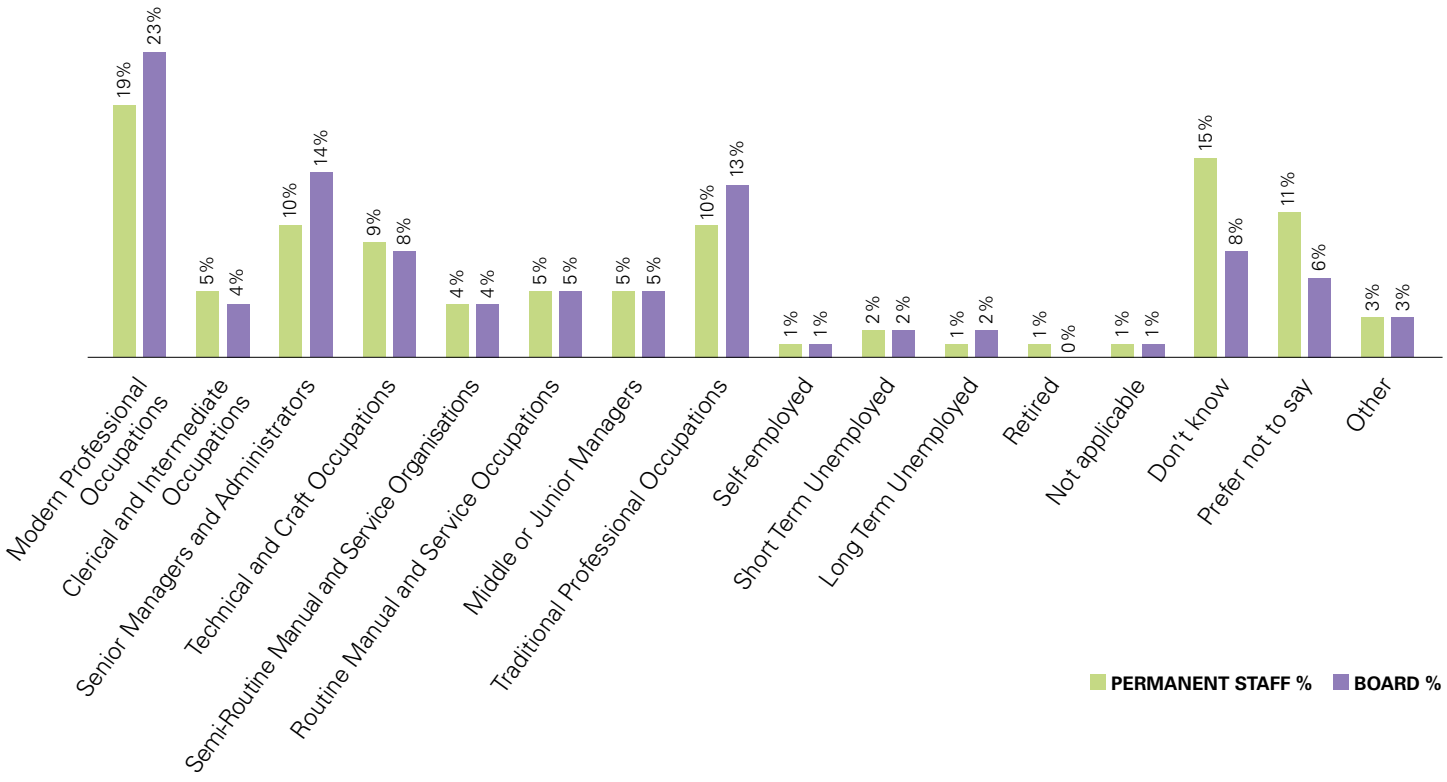


NPO PERMANENT WORKFORCE AGE SPREAD



[11] 2020/21 and 2021/22 data was collected in periods of lockdown and furlough, and it is unclear whether NPOs included furloughed staff in the figures.

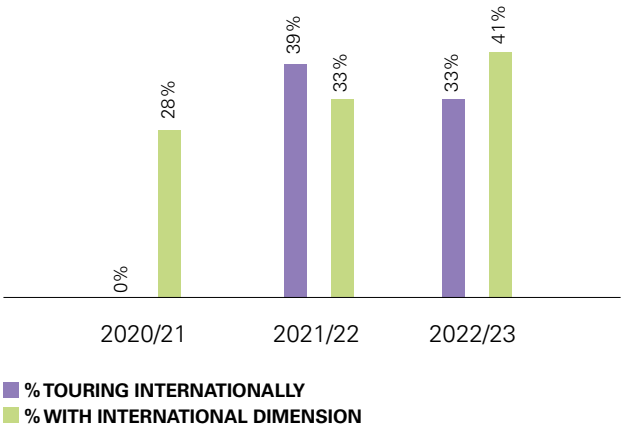
NPO SOCIO-ECONOMIC BACKGROUND 2022/23



KPI 3: Proportion of international engagements undertaken by National Portfolio Organisations

Activity with an international dimension continues to increase year-on-year, with supporting international collaboration being one of the five themes in the Arts Council's Delivery Plan[12]. Touring activity in 2021/22 was affected by activities taking place which were initially deferred due to the pandemic.

NATIONAL PORTFOLIO ORGANISATION INTERNATIONAL TOURING



[12] "International Dimensions" include various types of international engagement such as virtual engagement, loans and general partnership working.

KPI 4: The total number of children and young people attending events and activities provided by Arts Council England National Portfolio Organisations in areas of low cultural engagement

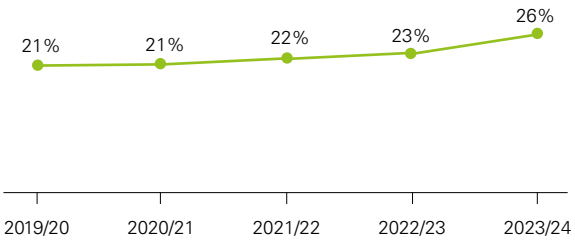
In 2022/23 there were increases in attendance of children and young people at events and activities of all types provided by National Portfolio Organisations in areas of low cultural engagement.[13]

	2020/21			2021/22			2022/23		
	Known	Estimated	Total	Known	Estimated	Total	Known	Estimated	Total
Performances	22,017	9,269	31,286	612,963	69,385	682,348	827,412	252,441	1,079,853
Exhibitions	36,462	3,482,005	3,518,467	235,998	168,693	404,691	230,702	339,163	569,865
Screenings	8,400	20	8,420	25,602	1,722	27,324	30,205	479	30,684
Festivals	1,401	6,371	7,772	13,186	14,502	27,688	28,170	2,165,231	2,193,401
Total	**68,280**	**3,497,665**	**3,565,945**	**887,749**	**254,302**	**1,142,051**	**1,116,489**	**2,757,314**	**3,873,803**

KPI 5: Percentage of overall Arts Council funding spent in areas of low cultural engagement[14] as defined by the Active Lives Survey

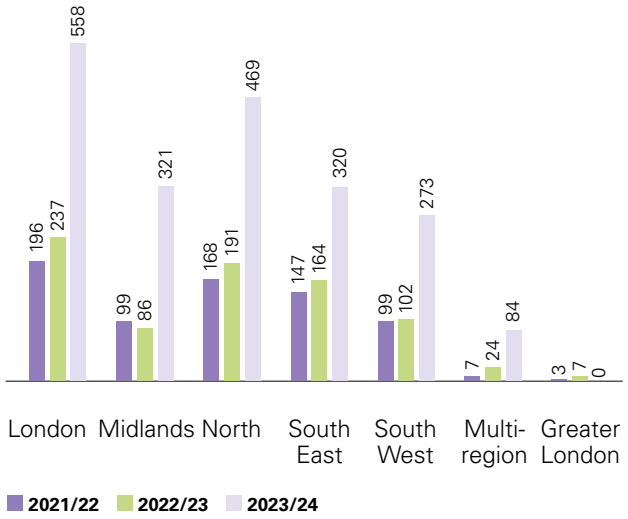
Arts Council investment in areas of low cultural engagement has continued to increase year on year since the publication of *Let's Create*.

PROPORTION OF OVERALL INVESTMENT IN AREAS OF LOW CULTURAL ENGAGEMENT



KPI 6: The number of organisations and individuals engaging with the Digital Culture Network (breakdown by five Arts Council Areas)[15]

DIGITAL CULTURE NETWORK ENGAGEMENT BY ARTS COUNCIL AREA



[13] Taken from known and estimated attendances at children and young people specific activities (England only) in NPOs based in the bottom 33% from Active Lives 19/20 (QD1 in annual survey – attendance at CYP events). Location of NPO is not always the same as location of activity.

[14] Due to changes to Local Authority boundaries since 2018, this represents the closest possible estimate of the split of spending. Any areas for which the Active Lives status cannot be determined have been assumed to be non-low cultural engagement areas to avoid over-estimating.

[15] Notes on chart: Figures are subject to change. All figures correct as at the end of each quoted reporting period. Greater London is no longer recorded as a separate entity due to a change in our data storage system.

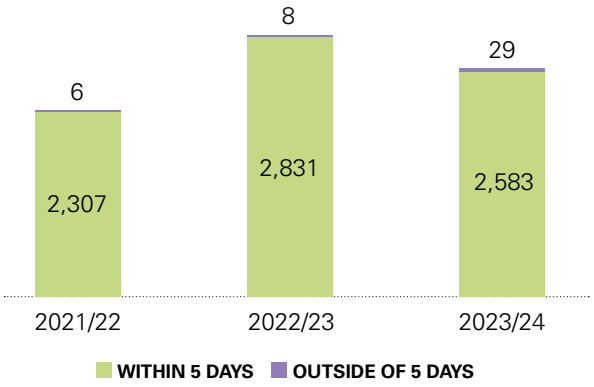
Engagement with the Digital Culture Network has consistently increased across the year – quarter one represented the highest number since 2020/21 when the pandemic drove huge demand for digital skills and support, and the number has continued to increase in each subsequent quarter.

KPI 7: The Arts Council's delivery of Cultural Property functions

A: Issue export licences within five working days of the Arts Council receiving the application (unless information is missing from the application, the application needs to be referred to an Expert Adviser, or further enquiries need to be made in respect of the object's provenance).

Of the total 5,207 applications for export licences received this year, 2,612 did not need to be referred to advisers. Of these, 98.9% were issued within 5 days of receipt of the application.

EXPORT LICENCE APPLICATIONS NOT REQUIRING ONWARD REFERRAL TO ADVISORS



B: Report to the Department for Culture, Media and Sport on the applications considered at each Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest (RCEWA) meeting within two weeks of the meeting.

Over 2023/24, the committee considered nine applications, with five considered within two weeks of submission. The four outliers all related to the same case hearing and were reported together a day after the deadline due to a delay in receiving feedback from committee members.

TOTAL APPLICATIONS REPORTED	% SUBMITTED WITHIN 2 WEEKS	TARGET
9	56%	100%

C: Submit Government Indemnity Scheme claims with recommendation to the Department for Culture, Media and Sport within two weeks of receipt of all paperwork.

TOTAL CLAIMS CONSIDERED	% SUBMITTED WITHIN 2 WEEKS	TARGET
3	100%	100%

WORKS OF ART – ARTS COUNCIL COLLECTION

Unlike our other fixed assets there is no *de minimis* capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000.

The Arts Council Collection has been built up since 1946 and consists of 8,171 items on 31 March 2024. The purpose of the collection is to broaden the appreciation and public awareness of modern and contemporary British art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre.

Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising six individuals who are: the Director, Arts Council Collection; Director of Visual Arts, Arts Council England; Director, Hayward Gallery; plus external advisers who are usually an artist, a writer and a curator. The committee is currently chaired by a member of the Arts Council's National Council. The external advisors to the committee are appointed for a fixed two-year tenure. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible, artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England budget.

Any offers of gifts to the Arts Council Collection are brought to the attention of the Acquisitions Committee which decides on their suitability. The procedure for the loss or destruction of works of art is implemented if an item is irretrievably lost or damaged beyond repair. This requires the Director of the Arts Council Collection to report details to the Director of the Hayward Gallery (in cases of vandalism or theft), and the Director, Visual Arts, of Arts Council England who then seeks approval from the Arts Council England National Council to write off the item. The write off in accounting records is implemented by the Director of Finance of Arts Council England who takes into account any insurance claims. Funds claimed in this way are paid into the Arts Council Collection acquisition allocation and earmarked to replace the lost items depending on the advice of the current purchasers. If it is not possible to replace a work because the artist is deceased, there are no suitable replacements or equivalent works have become too expensive, the funds are transferred into the acquisition fund.

Preservation

The condition of the works is checked on receipt, before going out on loan and on return from loan. Master condition files are maintained and kept at Winchester House and Longside (for sculpture) and copies of the latest version are made when loans go out. Normally, required restoration is carried out by fully accredited conservators, either at their studios or at Longside or Winchester House. Any unfitting of frames or restoration carried out away from Winchester House or Longside must be authorised by the Director of the Arts Council Collection or a Collection Curator. Artists are consulted and involved in restoration when possible and practical. Each year a number of works on paper, photographs, paintings and sculpture are conserved as a matter of course. All conservation is reported annually to the Arts Council England National Council in the form of the Collection's annual report on activities.

Collection management

The Director of the Arts Council Collection reports to the Director of the Hayward Gallery on day-to-day matters and is responsible to the Director, Visual Arts, at Arts Council England on policy. Arts Council Collection staff salaries are paid by the Southbank Centre from the management grant from Arts Council England to the Southbank Centre. A ring-fenced fund within the Southbank Centre and Arts Council England covers the operational costs of the Arts Council Collection's activities.

Access

The Arts Council Collection was established in 1946 by CEMA (the Council for the Encouragement of Music and the Arts). Formed around a small group of paintings, it began with the goal of establishing a national collection for the UK. Today it is the most widely circulated national loan collection of modern and contemporary British art in the world.

The Arts Council Collection continues to build and preserve the British public's art collection for its use and enjoyment. Access to the national collection is achieved through working in collaboration on its broad range of work that includes an extensive lending programme of artwork across the UK and abroad, Arts Council Collection exhibitions, learning and engagement, and research and scholarship. Work is loaned to museums and galleries, and public institutions such as universities, libraries, hospitals and schools. Marketing and communication increases visibility and accessibility through the Collection's website and social media such as Twitter, Instagram and Facebook.

PARTNERSHIPS

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project, Transforming Collections: Re-Imaging Art, Nation and Heritage.

Through the Arts Council Collection's Take Two initiative, original works of art are currently installed across 21 schools in London, the Midlands and Yorkshire.

Further information on the valuation of heritage assets can be found on page 120.

04.

Sustainability report

The sustainability report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts.

OVERALL PERFORMANCE (2023-24)[16] [17]

The period 2023/24 saw an increase in travel emissions due to increased activity, yet lower than pre-pandemic levels. Most of our travel is by rail, the most sustainable method, but it is likely the increase in car travel may in part have been influenced by the availability of rail travel as an option through industrial action and weather events. In addition, access by public transport to some of the stakeholder organisations located in some Priority Places is limited.

The gross figures for waste show a further reduction on the 2022/23 performance. It is worth noting that for many of our offices we are charged, in line with our lease, a general proportion of the waste output for the whole building and are reliant on our landlords to make good choices about avoiding waste to landfill. Perhaps a more accurate indicator of our waste emissions comes from the volume of paper we purchase.

CO2 related emissions from gas and electric have reduced as has our water consumption. This reflects the full-year effect of the reduction of our estate footprint brought about by the reduction in the size of our London office.

We continue to focus on using lease events as a trigger to reduce the size and/or the environmental impact of our estate in line with the principles set out in the Government Estate Strategy (smaller, better and greener). Our office efficiency ratio is now 5.79m²/FTE. We expect this trend to continue in response to the change in demand for office space brought about through the impact of hybrid working. Our performance means we're making a positive contribution towards the Government target for office utilisation of 6m²/FTE by 2030.

TRAVEL		2021/22	2022/23	2023/24
CO_2 (tonnes)	Rail	12	38	**61**
	Air	5	11	**15**
	Car	19	27	**48**
	Total	**34**	**77**	**124**
Cost (£)	Rail	67,203	245,517	**411,363**
	Air	3,801	9,096	**11,784**
	Petrol	27,970	46,222	**70,727**
	Total	**101,273**	**300,835**	**493,874**
Miles	Rail	195,654	670,984	**1,067,135**
	Air	24,236	72,018	**71,618**
	Car	69,925	115,556	**176,885**
	Total	**290,587**	**858,557**	**1,315,638**

[16] At the time of producing the ARA figures, many quarter 4 figures are based on estimates, as estates managers usually do not yet have their utilities bill for quarter 4. These estimates will sometimes be updated with actual figures later. For this reason, usage figures are always subject to change.

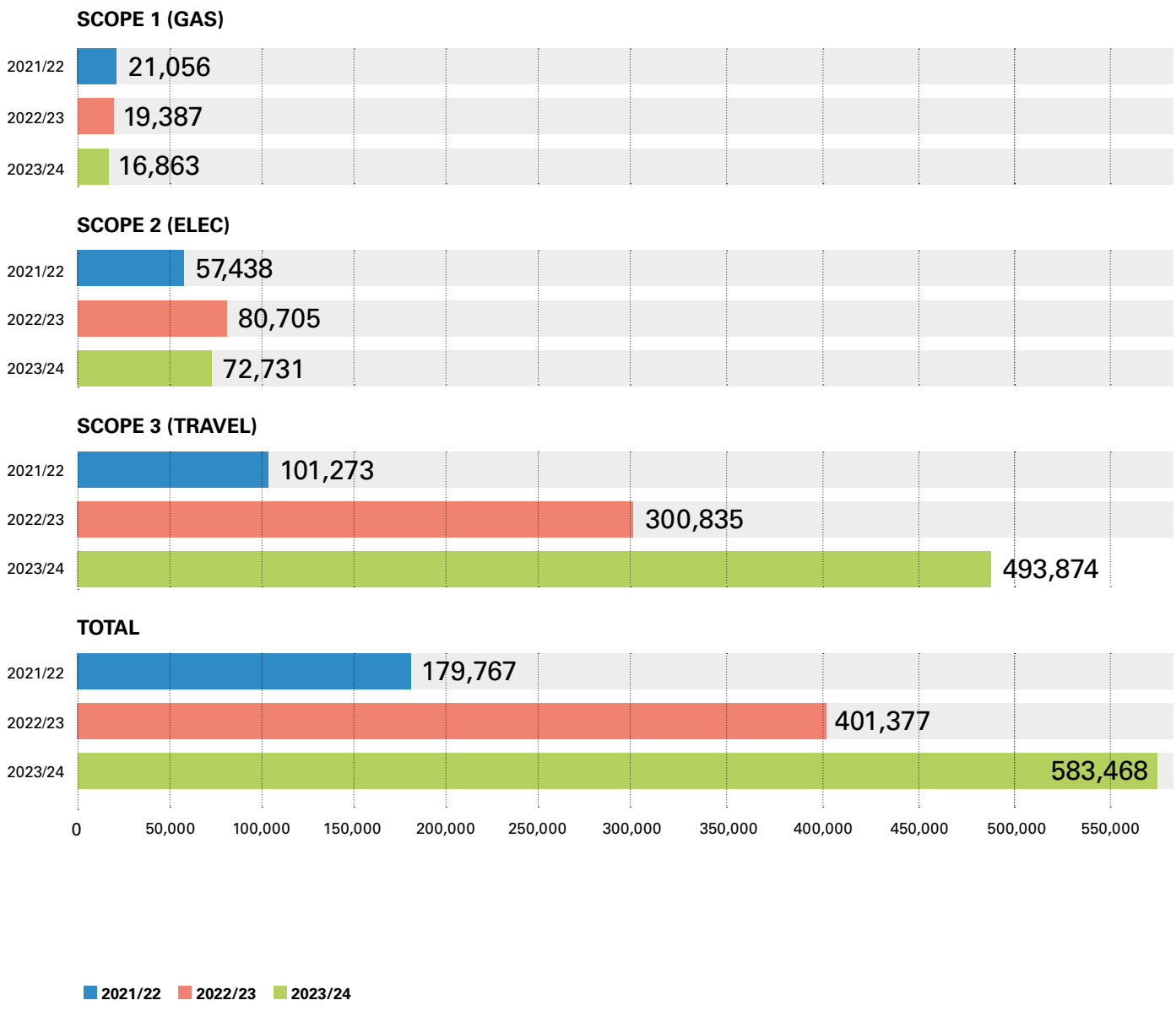
[17] Regarding Consumer Single Use Plastics (CSUPs), ACE have removed all CSUPs from the estate, so we do not report on it.

WASTE		2021/22	2022/23	2023/24
Non-financial indicators (tonnes)	**Total**	164.38	27.03	**29.14**
	Landfill	0.24	0.41	**5.55**
	Reused/ recycled	164.14	26.62	**23.59**
Financial indicators (£)	**Total**	12,506	7,653	**6,297**
	Landfill	1,957	2,050	**1,973**
	Reused/ recycled	10,549	5,603	**4,323**

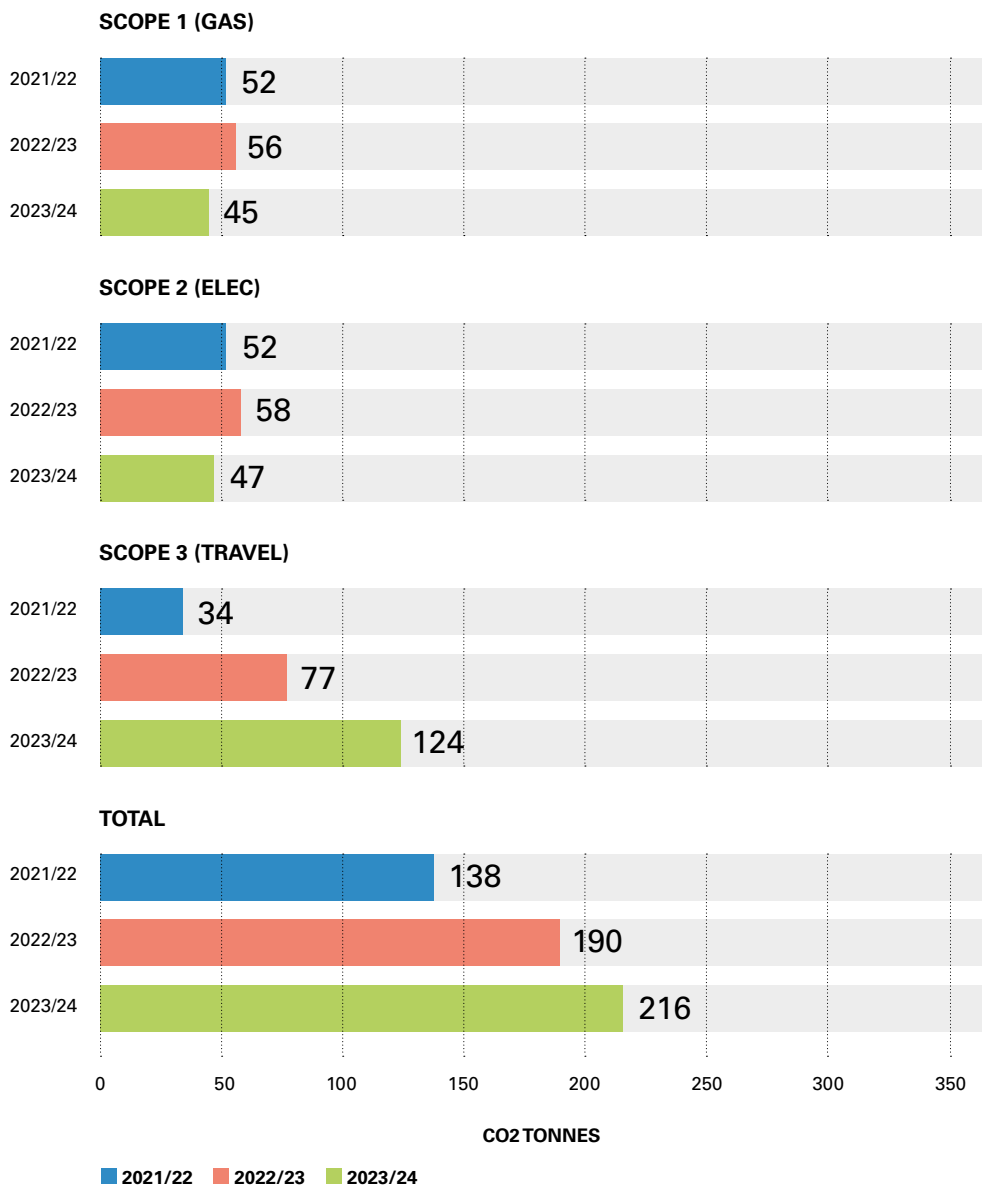
GREENHOUSE GAS EMISSIONS		2021/22	2022/23	2023/24
CO_2 (tonnes)	Total Gross Emissions (CO_2)	104	113	**92**
	Gross Emissions Scope 1 (direct)	52	56	**45**
	Gross Emissions Scope 2 (indirect)	52	58	**47**
Energy Consumption (kWh)	Electricity	245,190	271,644	**222,865**
	Gas	284,332	303,768	**243,905**
Financial Indicators (£)	Expenditure Energy	78,494	100,542	**£89,594.1**

FINITE RESOURCE CONSUMPTION		2021/22	2022/23	2023/24
Non-financial (m3)	Supplied	3,004.83	2,611.02	**1,348.73**
	Per Full Time Equivalent (FTE)	5.31	4.34	**2.24**
Financial Indicators (£)	Water Supply Costs (Office Water)	10,490	6,347	**5,168**

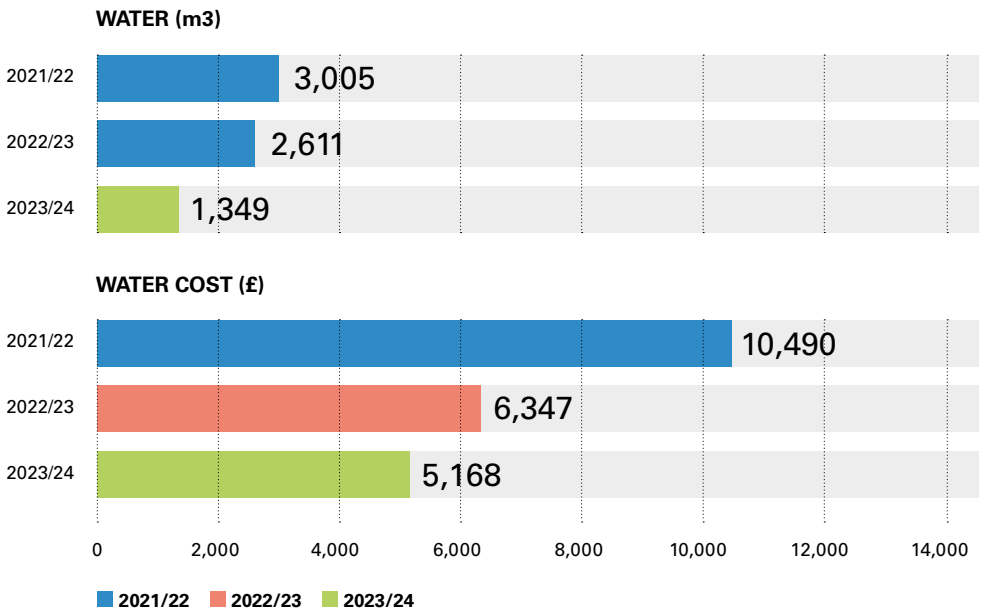
FINANCIAL EXPENDITURE (£)



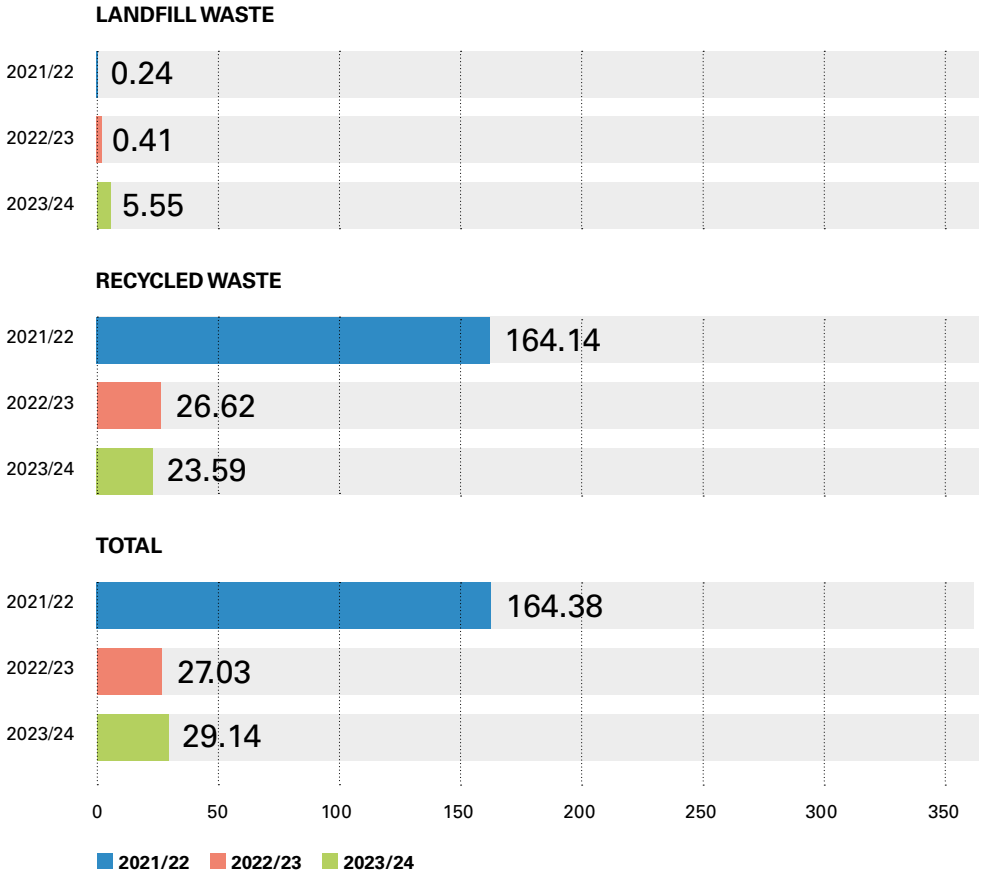
CO2 WHOLE ESTATE (TONNES)



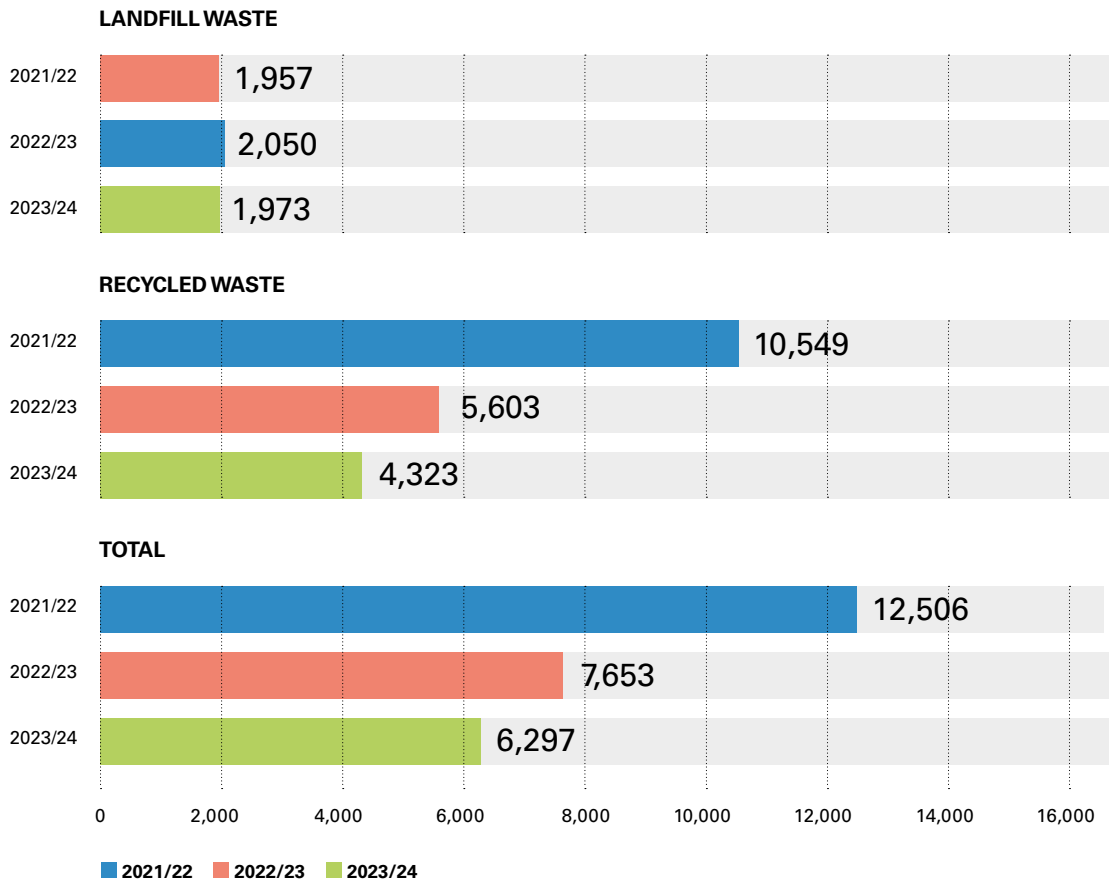
WATER USAGE (m3) AND EXPENDITURE (£)



WASTE – NON FINANCIAL (TONNES)



WASTE – FINANCIAL INDICATORS (£)



Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2024), data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs have been taken from those produced by DEFRA, except for air and rail travel where the emissions data has been taken directly from information provided by our travel management system.

We have committed to publish our carbon footprint annually, which includes a review of our carbon reduction targets and longer-term aims. We also review and update the scope of our carbon footprint on a yearly basis, to increase its accuracy and inform our decision making. We have updated our Environmental Responsibility Action Plan for 2024/25, now published alongside our carbon footprints for 2021/22 and 2022/23. We committed that in 2023/24 we would reduce our office energy use and business travel carbon emissions by 25% compared with 2019/20 and have met these targets.

As part of our Action Plan for 2024/25, we have committed to develop a carbon reduction plan that will map out our journey towards Net Zero, that will include considerations for a Climate Change Adaptation Strategy. The carbon reduction plan will be developed across 2024/25 and implemented from April 2025.

Our finalised carbon footprint for 2023/24 is due to be published in Autumn 2024. We continue to work with colleagues across our 6 priority areas (people, place, travel, technology, procurement and pension) on the actions in our Environmental Responsibility Action Plan, and to refine and improve our carbon footprint reporting year on year. We have updated and published our Environmental Responsibility Policy, aligned with ISO14001, which sets out national emissions targets alongside our key environmental commitments and priority areas.

We have achieved a significant drop in our paper purchase and use over the last 5 years. For example, our records for 2019/20 show that we purchased 3,400kg of paper. This compares to 952kg in 2023/24 (361 reams that includes 17 reams of A3, 343 reams of A4, and one ream of A5). Compared to 2022/23 (770kg or 296 reams that includes six reams of A3 and 290 reams of A4), there was a small increase in paper purchased, likely due to more staff returning to our offices post-Covid. Paper purchase is considered a small area of impact as expenditure is relatively small, as are related carbon emissions (around 0.1% of our footprint).

While information and communication technology (ICT) purchases are largely made through government frameworks, there is still space for us to make positive change. For example, Equinix, our data centre provider for services including Grantium (our online grant management software), provides an annual report on associated energy use and has confirmed this is 100% renewable energy. Our website is green hosted. We updated our IT Small Asset Tracking and Disposal policy in 2023 that states all IT equipment will be disposed of through the IT department and adhere to Waste Electrical and Electronic Equipment (WEEE) regulations. We also updated our procedure relating to end-of-life laptops so that, where possible, these are donated for re-use to local schools. In 2023, 114 Surface Pros were donated to schools, and 80 broken Surface Pros and laptops were sent for data destruction and recycling.

Arts Council England has an annual procurement spend of approximately £13 million on goods and services, and we make use of CCS Frameworks wherever feasible. While procurement is the largest area of our organisation's carbon footprint (70%) and is therefore a priority for future action, most of this expenditure is on the supply of services. Our top eight suppliers were identified by spend with an initial review of their environmental responsibility policies and commdue for renewal in 2024 and is likely to be significantly lower in terms of cost and energy consumption, given the change in working practices following the pandemic. The Arts Council spends very little on furniture and other timber related products, but this expenditure is via CCS frameworks.

Through our Environmental Programme with Julie's Bicycle, we aim to support our National Portfolio Organisations, individuals and freelancers, and the wider sector through the period 2023-26. This programme supports organisations and practitioners to take action, with strands focusing on decarbonisation, resilience, justice and governance, to accelerate and scale the collective response to the climate and ecological crises.

In addition, Julie's Bicycle continue to offer free carbon calculation tools through the Creative Climate Tools platform (previously the Creative Green Tools). The tools were further developed in 2023/24 with updates including the functionality to forecast future carbon footprints. The Creative Climate Tools platform supports the sector in understanding their environmental impacts and where changes can be made. The 2022/23 annual sector environmental report on the 2018-23 portfolio was published in February 2024 and is available through this link.

As part of our new environmental programme, Julie's Bicycle are supporting Arts Council England with the development of climate literacy e-learning. This will be rolled out to all Arts Council staff in 2024/25.

We have not reported on "Nature recovery and biodiversity action planning" as this target is not relevant to Arts Council England.

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

Arts Council England is reporting on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. The Arts Council has complied with the TCFD recommendations and disclosures around:

— Governance (all recommended disclosures)
— Metrics and Targets (b)

Disclosures are included within the Sustainability Reporting section of this Annual Report (Metrics and Targets b), and this TCFD section (Governance). This is in line with the central government's TCFD-aligned disclosure implementation timetable.

Arts Council England plans to make disclosures for Risk Management, Strategy and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable (2024/25 Risk Management and Metrics and Targets, and 2025/26 Strategy).

Climate related issues and climate related work are described as Environmental Responsibility (ER) at Arts Council England. As the national development agency for creativity and culture in England, Environmental Responsibility is one of Arts Council England's four Investment Principles, to help us deliver our 10-year strategy, Let's Create (2020-2030).

Arts Council England's work is underpinned by the pillars of the Environmental Responsibility Investment Principle: Understand the Data; Plan, Action and Change; Influence, Educate and Advocate. National Council, equivalent to the organisation's board, are responsible for approving the strategy.

To deliver the 10-year strategy, the Arts Council develops three-year delivery plans and reviews progress and updates on an annual basis. The delivery plans include updates regarding ongoing Environmental Responsibility work and programmes alongside new actions and projects. The delivery plans are approved by National Council, who receive updates on progress. National Council also review and sign off the Annual Report and Accounts which include the Sustainability Reporting section (Governance a).

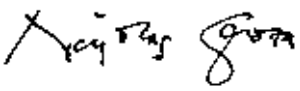
The Director, Environmental Responsibility & Innovation, reports directly to the Executive Director, Enterprise & Innovation, and the Chief Finance and Resources Officer who sit on Executive Board and report directly to the Chief Executive of Arts Council England. These roles oversee and sign off all aspects of the Environmental Responsibility work, with a further level of scrutiny provided by a sub-group of Executive Board that also reviews and signs off all Arts Council policies including the Environmental Responsibility policy.

The ER team is responsible for developing Arts Council England's Environmental Responsibility policy, developing targets, monitoring and reporting on our carbon footprint, and monitoring progress against our Environmental Responsibility Action Plan which is delivered through working with colleagues across our six priority areas (people, place, travel, technology, procurement and pension).

Climate-related risks are currently managed at an operational level, with quarterly reviews by a sub-group of Arts Council England's Executive Board. This meets TCFD disclosure requirement for Governance b – management's role in assessing and managing climate-related risks and opportunities.

Arts Council England is currently in the process of establishing an appropriate climate-related risk for our strategic risk register so from 2024/25, Executive Board will review a climate-related strategic risk on a quarterly basis, with National Council reviewing the Strategic Risk Register on an annual basis. This is in line with Phase 2 of central government's TCFD-aligned disclosure implementation timetable. We will be reviewing all of our governance arrangements with regard to climate risks and opportunities in 2024/25.

Dr Darren Henley CBE
Chief Executive
24 JULY 2024



Sir Nicholas Serota CH
Chair
24 JULY 2024

05.

Trustees' report and management commentary

GOVERNANCE STATEMENT

Arts Council England was established by Royal Charter on 13 March 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2023 to 31 March 2024.

ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The current objects of Arts Council England as stated in its Royal Charter are to:

- develop and improve the knowledge, understanding and practice of the arts
- increase accessibility of the arts to the public in England
- advance the education of the public and further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property
- advise and co-operate, where it is appropriate to do so, with Departments of our Government, our Scottish administration, the Northern Ireland Executive and the Welsh ministers, local authorities, the arts councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

The Royal Charter is at the core of our mission as reflected in our strategic framework, *Let's Create.*

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 12 to 43.

ARTS COUNCIL ENGLAND'S GOVERNANCE FRAMEWORK

Arts Council England is an arm's-length non-departmental public body. It is also a registered charity. Accountability to Ministers is managed through the usual control mechanisms for arm's-length bodies.

Arts Council England is regulated in accordance with a Framework Agreement agreed with the Secretary of State for Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

Arts Council England is fully compliant with relevant principles around governance best practice for public service and charitable bodies as set out in the *Corporate governance in central government departments: Code of good practice 2017.*

NATIONAL COUNCIL

Meet National Council, our non-executive board who hold overall responsibility for the governance of the Arts Council.

Abigail Pogson
National Council Member

Andrew Miller, MBE
National Council Member

Annabel Turpin
National Council Member

David Bryan, CBE
London Area Chair

Deborah Shaw
National Council Member

Elisabeth Murdoch
National Council Member

Helen Birchenough
South West Area Chair

Paul Roberts OBE
Chair, Performance and Audit Committee and Chair, Remuneration Committee

Sally Shaw, MBE
National Council Member

Sukhy Johal, MBE
Midlands Area Chair

Sir Nicholas Serota, CH
Chair
Arts Council England

Baroness Fleet, Veronica Wadley CBE
National Council Member

William Bush CBE
National Council Member

YolanDa Brown, OBE DL
National Council Member

SENIOR LEADERSHIP TEAM

Meet our Senior Leadership Team, comprising of senior directors, and our Executive Board members.

Abid Hussain
Director, Diversity

Catherine Nesus
Director, Development Agency Change Programme

Dr Darren Henley, CBE
Chief Executive

Emmie Kell
Director of Museums and Cultural Property

Hazel Edwards
Area Director, South East

Ian Matthews
Director, Human Resources and Estates

Irene Constantinides
National Director of Communication

Laura Dyer
Deputy Chief Executive Places, Engagement & Libraries

Mags Patten
Executive Director Public Policy and Communication

Michelle Dickson
Director, Strategy

Michelle Walker
Area Director London

Navees Rahman
Chief Finance and Resources Officer

Peter Knott
Area Director, Midlands

Phil Gibby
Area Director, South West

Richard Russell
Chief Operating Officer

Ruth Alaile
Director, Governance and Planning

Sanj Jagait
Chief Data Officer

Sarah Maxfield
Area Director, North

Simon Mellor, OBE
Deputy Chief Executive, Arts and Museums

Tonya Nelson
Area Director, London

Arts Council England's Non-Executive Governance Structure

Arts Council England's governance framework consists of a National Council, five Area Councils, an Executive Board, and a number of committees and panels. National Council has delegated responsibilities to Area Councils, panels and committees as shown below:

National Council

(15 members including the Chair)

ROLE

— Govern and hold overall authority for Arts Council England
— Retain overall responsibility for the work and conduct of the organisation
— Make decisions on Arts Council England's mission, objectives, priorities and strategies
— Make decisions on grants above a certain threshold
— Monitor delivery of ten-year strategic framework
— Approve corporate plan
— Approve Grant-in-Aid and Lottery accounts

Five Area Councils

(Chairs sit on National Council, 14 other members, including local authority reps, artists, and arts and culture practitioners)

ROLE

— Advise on policy and strategy
— Make decisions and recommendations on National Portfolio applications

Museums Accreditation Committee

(16-20 members)

ROLE

— Make decisions on Accreditation status and applications from museums and galleries in the UK
— Provide quality assurance
— Advocate for the Scheme

Performance and Audit Committee

(Chair sits on National Council, four National Council members and three independent members)

ROLE

— Assess and advise on the organisation's financial risk, performance management, governance and value for money
— Performs the responsibilities of an Audit and Risk Assurance Committee

Designation Scheme Panel

(10 members)

ROLE

— Make decisions on Designation applications from museums, libraries and archives
— Provide quality assurance
— Advocate for the Scheme

Remuneration Committee

(Chair sits on National Council, four other National Council members)

ROLE

— Make decisions on senior executive salaries, bonuses and other terms and conditions

Acceptance in Lieu Panel

(6-24 members)

ROLE

— Advise on items offered to the Nation in lieu of Inheritance Tax or through the Cultural Gifts Scheme, on Conditional Exemption and on Immunity from Seizure

Arts Council Collection Acquisition Committee

(8 members)

ROLE

— Advise on new additions to the Arts Council Collection with reference to the Acquisitions and Disposal and Collections Development policy

Race Advisory Group

(Chairs sit on National Council/Area Council, Membership open to all National and Area Council members of Black, Asian or Ethnically diverse heritage, two reps from each area. Time limited group)

ROLE

— To advise Executive Board and National Council as it seeks to implement new strategy

— To highlight emerging issues and challenges for individuals of Black, Asian and Ethnically diverse heritage in the arts and culture sector and work with Executive Board and National Council to address them

— To review and monitor the impact of the Arts Council's policies, decisions and other actions

Disability Advisory Group

(Chair sits on National Council, Deputy Chair from an Area Council, Membership open to all National Council and Area Council members with lived experience of disability, deafness and/or neuro-divergence)

ROLE

— To advise Executive Board and National Council as it seeks to implement new strategy

— To highlight emerging issues and challenges for D/deaf, neuro-divergent and disabled people in the arts and culture sector including conscious and unconscious ableism, and work with the Executive Board and National Council to address these

— To review and monitor the impact of the Arts Council's policies, decisions and other actions on D/deaf, neuro-divergent and disabled people

Non-Executive Governance

NATIONAL COUNCIL

MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience.

The composition of National Council in 2023/24 was as follows:

Sir Nicholas Serota CH
(CHAIR)

Helen Birchenough
(SOUTH WEST AREA COUNCIL CHAIR)

David Bryan CBE
(LONDON AREA COUNCIL CHAIR)

Professor Roni Brown
(SOUTH EAST AREA COUNCIL CHAIR)
(UNTIL 30 NOVEMBER 2023)

Sukhy Johal MBE
(MIDLANDS AREA COUNCIL CHAIR)

Sally Shaw MBE
(SOUTH EAST AREA COUNCIL CHAIR)
(FROM 1 DECEMBER 2023)

Annabel Turpin
(NORTH AREA COUNCIL CHAIR)
(FROM 1 DECEMBER 2023)

Kate Willard OBE
(NORTH AREA COUNCIL CHAIR)
(UNTIL 30 NOVEMBER 2023)

YolanDa Brown OBE

William Bush CBE

Andrew Miller MBE

Elisabeth Murdoch

Jamie Njoku-Goodwin
(UNTIL 10 SEPTEMBER 2023)

Abigail Pogson

Paul Roberts OBE

Deborah Shaw

Baroness Fleet CBE (Veronica Wadley)

NATIONAL COUNCIL PERFORMANCE AND REVIEW OF EFFECTIVENESS IN 2023-24

National Council undertakes an evaluation of its effectiveness each year. Last year's effectiveness review was led for the first time by an external facilitator and included a peer review. In future we anticipate that an independent external review will be conducted every three years. This year's Board Effectiveness Review was led by the Chair of National Council. It comprised three elements:

- A review of progress on actions agreed as part of the 2022-23 effectiveness review
- A self-assessment by National Council of its effectiveness in 2023-24, drawing on the 14 areas identified in the Cabinet Office Guidance
- A review of National Council's Terms of Reference and Council Regulations

National Council noted the significant progress that had been made with the actions agreed following the 2022-23 effectiveness review. As part of its commitment to work across England, National Council had undertaken a visit to Bradford where members heard first hand from a range of stakeholders in Yorkshire. In addition, there had been a two-day conference in Dudley in November 2023 involving National Council, Area Council members, and other members of the Arts Council's non-executive committee. This had provided the non-executives with an opportunity to consider the challenges and opportunities the Arts Council and the sector faces over the medium term.

National Council considered its effectiveness in 2023-24. It reflected on the context that the Arts Council had been operating in. This included the financial and other pressures facing the arts, museums and libraries; the related pressures facing other public

funders of arts and culture sector, notably Local Government, and the announcement by Government of the Arts Council's routine review as a public body in 2024.

National Council concluded that it was continuing to provide effective leadership, support and scrutiny to the Executive team as illustrated through the list of matters it considered over the year. This included:

- Agreeing the *Let's Create* Delivery Plan 2024-27
- Medium Term Financial Planning
- Music Hubs Investment Programme
- Investment Risk Reports
- Arts Council's Strategic Risks
- Outcome and Response to the Arts Council's Inclusion Review
- National Council's Effectiveness
- Creative People & Places Programme 2025-28
- Arts Council's Adoption of the Social Model of Disability
- Diversity of its Non-Executive Governance
- Funding of English National Opera
- 2023/26 Investment Process After Action Review
- Extension of the 2023/26 Portfolio
- 2027+ National Portfolio Investment Process
- Arts Council's Modern Slavery Statement
- Investment in Bradford City of Culture 2025

National Council members emphasised the value of the expertise, perspective, and support provided by the broad membership of its Area Councils and other sub committees, like the Performance and Audit Committee, Race and Disability Advisory Groups, and the Museums and Cultural Property panels.

Priorities for 2024-25 were identified as: responding to the Public Body Review recommendations; building a strong case for arts and culture in the Spending Review; engaging with Government after the General Election; the development of the 27+ National Portfolio Investment Process; continuing to build synergies between the cultural property panels and the wider work of the Arts Council.

In addition, as trustees of the Arts Council Collection, National Council members aim to visit and see some of the works in the Collection over the year.

NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	7/7	–	1/1
Helen Birchenough	7/7	1/1	–
Professor Roni Brown	3/5	–	–
YolanDa Brown OBE	4/7	–	–
David Bryan CBE	5/7	–	–
William Bush CBE	7/7	1/1	–
Sukhy Johal MBE	7/7	–	–
Andrew Miller MBE	7/7	–	–
Elisabeth Murdoch	3/7	–	–
Jamie Njoku-Goodwin	4/4	2/3	–
Abigail Pogson	7/7	4/4	1/1
Paul Roberts OBE	7/7	4/4	1/1
Deborah Shaw	5/7	–	–
Veronica Wadley CBE	6/7	–	–
Kate Willard OBE	2/5	2/3	1/1
Annabel Turpin	2/2	–	–
Sally Shaw MBE	2/2	–	–
INDEPENDENT MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Penny Ciniewicz CBE	–	4/4	–
Guillaume Fleuti	–	4/4	–
Clive Parritt	–	4/4	–
Tracy Staines	–	4/4	–

JAMIE NJOKU-GOODWIN, KATE WILLARD AND RONI BROWN ALL LEFT NATIONAL COUNCIL IN 2023, AND ANNABEL TURPIN AND SALLY SHAW JOINED IN DECEMBER 2023. THEIR TOTALS ABOVE THEREFORE REFLECT THE NUMBER OF MEETINGS THEY ATTENDED DURING THEIR PERIOD OF SERVICE.

* Performance and Audit Committee attendance is inclusive of four meetings from 7 June 2023 to 16 March 2024.

COMMITTEES AND SUB-COMMITTEES

Area Councils

There are five Area Councils covering the breadth of England and reflecting Arts Council England's operational structure, appointed to assist National Council in developing, championing and investing in the arts and culture.

They support and promote the organisation's mission and objectives by providing advice on draft policies, making funding decisions and acting as advocates for the arts and culture, creating a live connection at an area level.

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet up to five times a year.

Performance and Audit Committee

National Council has appointed a Performance and Audit Committee to review and report on the systems of risk and internal control, governance and performance management.

The Performance and Audit Committee is chaired by Paul Roberts, a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year. The Performance and Audit Committee is comprised of four National Council members and four independent members.

Key areas scrutinised by the Performance and Audit Committee during 2023/24 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets and the Arts Council's risk management processes. The Performance and Audit Committee also considered the strength of our fraud detection and our health and safety compliance and performance.

The Performance and Audit Committee undertook an annual self-evaluation of its effectiveness in March 2024. Members were appreciative that outcomes from the review in March 2023 had been addressed sufficiently. For this review the National Audit Office Audit and Risk Assurance Committee effectiveness tool was used as a framework. This has six sections: Membership, independence, objectivity and understanding; Skills and experience; Roles and responsibilities; Scope; Communications and reporting; and Continual improvement. Priorities for the upcoming year 2024/25 therefore will include: trialling an annual standing item for committee members and auditors to hold discussions without the Executive present to uphold independence; maintaining the balance of skills within the Committee; continuing to develop the progress made on the Performance remit of the Committee through deep dives on the agenda; ensuring the quality of reports presented is maintained; and using the proposed away day to further reflect on how the Committee can improve. Outside of the bounds of the effectiveness tool, further priorities will include: reviewing the recommendations from the Public Bodies Review; and providing assurance that the structure and methodology for the next National Portfolio Organisations (NPO) round has been finalised.

Remuneration Committee

National Council has appointed a Remuneration Committee to deal with the matters set out in the Remuneration Report. The Remuneration Committee normally meets annually. Further details on this committee can be found in the Remuneration Report.

Acceptance in Lieu Panel

The Acceptance in Lieu (AIL) Panel is a subcommittee of the Arts Council's National Council. It provides expert advice to UK Ministers on the suitability of objects offered under the Acceptance in Lieu (AIL) and Cultural Gifts Schemes (CGS) and on the pre-eminence of objects proposed for

Conditional Exemption. The Panel also advises the Ministers on the appropriate allocation of items accepted under AIL and CGS, other than manuscripts, to museums and galleries across the United Kingdom. Importantly, the Panel is responsible for assessing the financial value of objects offered under the AIL and CGS schemes and advising on their condition. The AIL scheme is one of the Statutory Functions delivered by the Arts Council on behalf of DCMS and the Arts Council is accountable to DCMS for the AIL scheme.

Race Advisory Group

The Race Advisory Group was set up to advise Arts Council England as it seeks to deliver *Let's Create*, as well as to challenge and eliminate racism and support the sector to recover and restructure in the wake of Covid-19. Among other areas, it has advised on the priorities for the *Let's Create* Delivery Plan, the development of the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and an organisation.

Disability Advisory Group

The Disability Advisory Group consists of D/deaf, neurodiverse and disabled members of Area and National Councils and was set up to examine the emerging issues and challenges for those societal groups in the arts and culture sector (including conscious and unconscious ableism) and to monitor the impact of our policies and decisions. As with the Race Advisory Group above, it has also inputted into the *Let's Create* Delivery Plan, the development of Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and organisation.

Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

As Arts Council England's Accounting Officer, the Chief Executive is responsible for its overall efficiency and effectiveness and has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the internal auditors, the Deputy Chief Executives, and Executive Directors within Arts Council England, and comments from the external auditors in their management letter and other reports. The Accounting Officer may, on occasion, be required to give evidence to Parliament's House of Commons Public Accounts Committee.

Executive Board comprises of the Chief Executive, two Deputy Chief Executives, and four other Executive Directors. The Chief Executive is appointed by National Council with the approval of the Secretary of State for Culture, Media and Sport (DCMS).

Executive Board meets formally throughout the year to consider key policy, strategic and operational matters, and provide advice to National Council. It also oversees the financial performance and risk management of Arts Council England as a whole. Appropriate management structures have been created throughout the organisation to assist Executive Board members to oversee their respective departments and areas of responsibility.

Executive Board is supported by a Management Board, a Transformation Board and a National Investment Panel, whose membership includes the two Deputy Chief Executives and the five Area Directors, and other panels and decision-making groups.

There are written terms of reference and procedures for National Council and its sub-committees and Executive Board.

MEMBERSHIP OF EXECUTIVE BOARD IN 2023/24

NAME	JOB TITLE
Dr Darren Henley CBE	Chief Executive
Laura Dyer MBE	Deputy CEO, Places, Engagement & Libraries
Simon Mellor OBE	Deputy Chief Executive, Arts & Museums
Mags Patten	Executive Director, Communication & Public Policy
Navees Rahman	Chief Finance and Resources Officer
Richard Russell	Executive Director and Chief Operating Officer
Francis Runacres MBE	Executive Director, Enterprise and Innovation (until June 2023)
Tonya Nelson	Executive Director, Enterprise & Innovation (from July 2023)

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

National Council ensures there are effective arrangements for internal control including risk management at Arts Council England. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and yet economically.

The Arts Council takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe that it is important that we support and encourage innovation and can take managed risks in support of our mission.

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes.
- Operational: risks to the delivery of the themes set out in our Delivery Plan.
- Programmes/Projects Risk: risks to the delivery of individual programmes, projects and to particular areas of our work.

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives.

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion arts and culture.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. None of these can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

Acceptance of risk is always subject to ensuring that potential benefits and opportunities – and risks – are fully understood before decisions are made, and that sensible measures to mitigate risk are established.

System for managing risk

The Department for Culture, Media and Sport (DCMS) has designated the Chief Executive of Arts Council England as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation. Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how Arts Council England monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

Arts Council England has in place a wide range of policies dealing with control issues for corporate governance, financial management (including counter fraud), project management, health and safety, training and development, information technology, and risk management, all of which are reviewed and updated periodically as part of the organisation's business planning process.

Arts Council England operates a range of controls over the funding programmes it operates to ensure the grant funding provided is used for the purposes intended. These controls are designed to be commensurate with the level of risk associated with each funding programme and the organisation's appetite for risk. The controls include ensuring signed funding agreements are in place, monitoring payment conditions before payments are released, reviewing activity returns and regularly monitoring risks to funded organisations.

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually. Our Risk management process aligns closely to the Orange Book principles with no significant deviations.

During 2023/24, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter. The process is also iteratively improved across each year, exemplified in 2023/24 by the increasing role of data in consideration of risks, improved flow between the operational and strategic register, and an emerging process of managing opportunities alongside certain risks as we gain a better understanding of risks and opportunities across our operations and the sector.

We reported quarterly to Executive Board and Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis, with progress on implementing relevant controls and mitigating actions reported to the Executive Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

The arts and culture sector that we support, like all other sectors of the economy, is still in the process of rebuilding post the pandemic. The future outlook for the sector is impacted by cost pressures, and the general economic environment.

Details of key risks and uncertainties affecting our organisation and the sector can be found on page 18.

Data security and personal data

Arts Council England continues to maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

During 2023/24, there were 41 incidents reported involving data at the Arts Council. Of these 41, 40 were considered to be minor incidents. We reported one incident to the Information Commissioner's Office (ICO). The ICO considered our report and concluded that the actions we took to mitigate the breach were sufficient and so decided not to take any further action. The Arts Council dealt with all incidents immediately after they were identified; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

Our Senior Information Risk Owner chairs the Information Governance Subcommittee which oversees the framework and processes in place to monitor information assets and associated risks along with developing a culture of awareness among all staff. The subcommittee is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. There were no whistleblowing claims made during 2023/24.

An external review of our Whistleblowing arrangements was undertaken in 2023/24 to ensure that our processes and guidance remained best practice. We scored strongly in most areas and will be continuing to improve our engagement with staff, as well as examining other areas where our practices could be improved further still.

UK sanctions against Russia

As a result of the war in Ukraine, Government departments were asked to review their business arrangements to ensure that they were not involved in any contracts or transactions which would breach the sanctions placed on certain individuals who were deemed to have close links with the Russian government. Arts Council England reviewed its finance and grants systems and confirmed that no transactions had taken place with sanctioned individuals or organisations. The Arts Council issued a statement on the Russian invasion of Ukraine on 11 March 2022 which can be read here.

Cyber Security

Arts Council England continues to invest in Cyber Security to manage the risk posed to its operations by cyber-attacks. In the 2023/24 financial year, this involved the implementation of a Managed Detection and Response security layer enabling faster responses to security threats, and the implementation of software to isolate suspicious end user devices. Assurance over cyber security is gained through Internal Audit, Cyber Essentials accreditation and regular penetration tests of key systems; there are plans to enhance assurance by obtaining Cyber Essentials Plus accreditation in 2024. The cyber security work plan for 2024 also includes further alignment of cyber with information governance, phishing testing, extended penetration tests of critical business applications and rolling updates to policies including incident response.

Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including Arts-Length Bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services. For 2023/24, we complied with all of the mandatory requirements of these standards relevant to our operations with the exception of one aspect of Functional Standard 007: Security. This is because we do not currently use the Government classification markings but plan to introduce these as part of our new records management system.

Conflicts of interest

As a public body we have a code of ethics that makes sure all staff adhere to the Seven Principles of Public Life, the Bribery Act 2010 and the Government rules on code of conduct in non-departmental public bodies. In particular, staff are required:

1. to act, and be seen to act, with independence and impartiality while working for the Arts Council
2. to take steps to avoid conflicts of interest, by registering and declaring any conflicts between personal interests and the work of the Arts Council as they arise

A register of interests for all National Council and Executive Board members is available at the following link:

https://www.artscouncil.org.uk/national-council/national-council-register-interests

In March 2021 the Government also issued the *12 Principles of Governance for all Non-Executive Directors of Public Bodies:*

https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

Internal audit

The annual programme of internal audit work is carried out by an external firm of accountants to standards defined in the Public Sector Internal Audit Standards. The work of internal audit is informed by the risk register, an assessment of the assurance requirements – particularly on the most significant risks facing Arts Council England – and the key day-to-day processes and systems in place. The annual internal audit plan is based on this analysis. It is endorsed by Management Board and approved by the Performance and Audit Committee. The internal auditors receive all Performance and Audit Committee papers and attend the Performance and Audit Committee meetings.

They provide periodic progress reports including the findings of follow-up reviews, building up to an annual report on internal audit activity. This annual report includes the internal auditors' opinion on the overall adequacy and effectiveness of the systems that internal audit have reviewed. The Performance and Audit Committee reviews and discusses the progress report and the annual assurance report. Internal audit services are being provided by RSM.

In their 2023/24 annual report, RSM stated that, in their opinion:

> "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective."

Counter Fraud

ACE is committed to protecting public funds against all attempts made to perpetrate fraud, bribery and corruption within its finances, grant programmes and operations, both internally and externally. Minimising fraud, bribery and corruption (including error) is essential to ensure our resources are used for delivery of our essential work supporting cultural individuals and organisations. Our strategy shows our determination to ensure that every penny we spend is used for the purposes intended. It is a living document with continual adaptation (reviewed every 2 years) to ensure we have an integrated, company-wide approach to tackling fraud.

This policy applies to:

- All Arts Council England employees
- All staff placed through agencies e.g. interims, contractors, temporary staff
- All Arts Council England suppliers
- Any other parties who have a business relationship with Arts Council England

The strategy aims to provide ACE employees and other businesses associated with ACE with a guide on what fraud and bribery is, what their responsibilities are to prevent fraud, bribery and corruption and how to report it. The overall aims of this policy are to:

— Improve the knowledge and understanding of fraud and bribery for everyone at ACE, irrespective of their position.

— Emphasise the zero-tolerance approach taken by Arts Council England with regards to fraud, bribery and corruption.

— Build and promote an open culture and environment where employees feel able to raise their fraud and bribery concerns.

— Ensure appropriate action is taken against fraud and bribery, including investigation and sanctions.

No confirmed fraud or error was detected in the 23/24 FY. ACE utilise internal reports and analytics to identify fraud, in addition to intelligence received from a range of other sources including the public and other Government bodies. In addition, fraud risk assessments are drawn up for all grant schemes to identify risks, controls and implement new countermeasures where necessary to alleviate risk and strengthen controls. ACE are currently onboarding CIFAS to improve fraud prevention and detection capabilities. This is expected to be fully implemented in the 24/25 FY.

Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Assessment of the effectiveness of internal control during 2023/24

The effectiveness of the Arts Council's internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit Committee. This is supported by a programme of internal audit reviews.

For 2023/24, internal audit completed reviews of the following areas:

1. Follow Up
2. Procurement
3. Priority Places
4. Long Term Loans and Repayable Finance
5. National Portfolio Organisations (NPOs) and Investment Principles Support Organisation (IPSOs) Monitoring Arrangements
6. Finance Key Controls – Cashflow Forecasting
7. Diversity and Inclusion
8. HR Performance Management
9. Subsidy Control
10. Corporate Credit Cards

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2023/24 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.

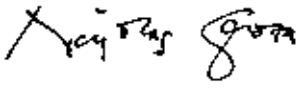
Parliamentary Accountability & Audit Report

To comply with the requirements of the Government Financial Reporting Manual (FreM) we have disclosed the following items elsewhere within the Annual report & Accounts.

(i) Losses & Special payments (pages 127 and 177)

(ii) Certificate of Comptroller & Auditor General (pages 98 and 150)

Dr Darren Henley CBE
Chief Executive
24 JULY 2024



Sir Nicholas Serota CH
Chair
24 JULY 2024

GRANTS TO LOCALLY GOVERNED ORGANISATIONS

All grants awarded by Arts Council England are subject to funding agreements with clearly laid out terms and conditions. We satisfy ourselves that relevant conditions are met before payment is made.

PUBLIC SECTOR INFORMATION

On 1 April 2009 Arts Council England became a provider of official statistics under the extended scope of the Statistics and Registration Act 2008. This means that when Arts Council England produces, manages and disseminates official statistics we strive to abide by the Code of Practice for Official Statistics published by the UK Statistics Authority in January 2009.

The code sets out a number of important principles and practices to ensure that the official statistics meet the needs of Government and society and are both trustworthy and trusted.

BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2023/24,100 per cent of invoices were paid within 30 days (2022/23: 100 per cent) and we paid 97 per cent per cent of invoices within five days (2022/23: 94 per cent).

CORPORATE INFORMATION

Principal address as at 31 March 2024
The Hive
49 Lever Street
Manchester
M1 1FN

Banker
Government Banking Service
National Westminster Bank plc
Premier Place
Devonshire Square
London
EC2M 4BA

Auditor
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Administrators, actuaries and investment advisers to the Arts Council Retirement Plan

Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

Administrators, actuaries and investment advisers to the West Yorkshire Pension Fund

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors
A number of specialised solicitors have been appointed to our external solicitor pool.

06.

Remuneration and staff report 1 April 2023 – 31 March 2024

PART-AUDITED INFORMATION

The remuneration report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts. The salary and pension disclosures for senior staff, the disclosures required by the Hutton Review and the Compensation scheme – Exit Packages have been audited.

THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting on 20 September 2023 where decisions were taken about Executive Board and CEO salary increases for 2023/24 and bonus payments in respect of performance in 2022/23, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Abigail Pogson and Kate Willard.

Executive Board and CEO pay decisions are governed by HMT guidance for the approval of senior pay. The Remuneration Committee makes performance bonus decisions on the basis of a verbal report by the CEO on the performance of Executive Directors and a verbal report by the Arts Council Chair on the performance of the CEO. With regard to consolidated annual pay increases awarded to CEO and Executive Directors, consideration is also given to aligning this within the amounts permissible in the annual public sector pay remit applicable to the wider staff body.

The Remuneration Committee reviews the Register of Interests for the Executive Board twice per year and can provide advice to the Chief Executive and the Chair of National Council on any conflict of interest issues. In the year, it did not find any conflict of interest.

COUNCIL MEMBERS' REMUNERATION (AUDITED)

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council Chairs, and our National Chair. Remuneration amounts are set by the Department for Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also Chairs of Area Councils were entitled to remuneration of £7,167 each per annum during 2023/24 (2022/23: £6,858). During 2023/24, six members of National Council served as Area Council Chairs. The Chair's salary for the period 2023/24 was £40,000 (2022/23: £40,000). Remuneration and expenses paid to National Council members are shown in the table on the next page.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

For 2023/24, the Arts Council's Remuneration Committee awarded a 4.5% consolidated annual salary increase and a one-off £1,500 non-consolidated payment for the Executive Board. This is in line with the annual pay increase awarded to staff for the year. The CEO opted not to take a consolidated salary increase or a one-off non-consolidated payment. The Remuneration Committee also agreed a non-consolidated performance bonus of £2,000 for each Executive Director who had completed a full year of service in 2022/23. However, they opted to take only £266 of this (this is in line with the bonus awarded to other staff in the year) and the remainder of the balance from the £2,000 was donated to the Arts Council's Staff Development Fund. The CEO was awarded a non-consolidated performance bonus of £17,499 which he opted not to receive. £10,000 of this sum was

distributed to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from backgrounds where it is unusual to enter higher education. The remaining amount was distributed to the Arts Council's Staff Development Fund.

NATIONAL COUNCIL MEMBERS	POSITION	SALARIES	EXPENSES	TOTAL 23/24	TOTAL 22/23
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£2,417	£42,417	£41,335
Professor Roni Brown	Chair – South East Area Council (left 30 November 2023)	£4,778	£177	£4,954	£7,014
Sally Shaw MBE	Chair – South East Area Council (started 1 December 2023)	£2,389	–	£2,389	–
Kate Willard OBE	Chair – North Area Council (left 30 November 2023)	£4,778	£99	£4,877	£6,858
Annabel Turpin	Chair – North Area Council (started 1 December 2023)	£2,389	£40	£2,429	–
David Bryan CBE	Chair – London Area Council	£7,167	–	£7,167	£1,715
Ruth MacKenzie CBE	Chair – London Area Council (Retired)	–	–	–	£5,282
Helen Birchenough	Chair – South West Area Council	£7,167	£3,000	£10,167	£8,248
Sukhy Johal MBE	Chair – Midlands Area Council	£7,167	£1,538	£8,705	£7,204
Andrew Miller MBE	Member	–	£1,045	£1,045	£1,107
Elisabeth Murdoch	Member	–	–	–	–
Paul Roberts OBE	Member	–	£1,156	£1,156	£571
William Bush CBE	Member	–	–	–	–
YolanDa Brown OBE	Member	–	–	–	–
Abigail Pogson	Member	–	£427	£427	£231
Deborah Shaw	Member	–	–	–	£709
Baroness Fleet, Veronica Wadley CBE	Member	–	£362	£362	£464
Jamie Njoku-Goodwin	Member (left 10 September 2023)	–	–	–	–
Other expenditure		–	£16,983	£16,983	£743
		£75,835	**£27,244**	**£103,078**	**£81,481**

MEMBERS RESIDE IN DIFFERENT PARTS OF THE COUNTRY AND THEREFORE THEIR EXPENSES WILL VARY ACCORDINGLY.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley CBE Chief Executive	**2023/24** 2022/23	150 150	– –	– –	28 30	**178** **180**
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	**2023/24** 2022/23	134 127	– –	– 2	25 25	**159** **154**
Simon Mellor OBE Deputy CEO (Arts & Museums)	**2023/24** 2022/23	134 127	– 5	– 2	25 25	**159** **159**
Tonya Nelson* Executive Director (Enterprise & Innovation)	**2023/24**	92	2	–	17	**111**
Navees Rahman** Chief Finance & Resources Officer	**2023/24** 2022/23	120 9	– –	– –	22 2	**142** **11**
Mags Patten Executive Director (Public Policy & Communications)	**2023/24** 2022/23	120 114	– –	– 2	22 23	**142** **139**
Francis Runacres MBE*** Executive Director (Enterprise & Innovation)	**2023/24** 2022/23	49 114	– –	– 2	7 23	**56** **139**
Richard Russell Chief Operating Officer	**2023/24** 2022/23	120 113	– –	– 2	22 23	**142** **138**

* TONYA NELSON WAS APPOINTED AS EXECUTIVE DIRECTOR WITH EFFECT FROM 1 JULY 2023. THE SALARY SHOWN IN THE TABLE ABOVE IS FOR THE 9 MONTHS DURING WHICH SHE SERVED AS EXECUTIVE DIRECTOR. THE FULL-YEAR SALARY FOR HER ROLE IS £120K.

** NAVEES RAHMAN STARTED IN MARCH 2023 AND THEREFORE THE SALARY SHOWN FOR 2022/23 IS FOR ONLY PART OF THE YEAR. HIS FYE SALARY FOR LAST YEAR WAS £113,000.

*** FRANCIS RUNACRES LEFT THE ARTS COUNCIL ON 30TH JUNE 2023. HIS FULL YEAR EQUIVALENT SALARY WAS £113,000.

FAIR PAY DISCOSURES (SUBJECT TO AUDIT)

The Hutton Review asks organisations to disclose the median salary of Arts Council England's staff and the ratio between this and the salary of the highest paid Director. The following calculation is based on the full-time equivalent staff number at the reporting period end date on an annualised basis and compares this to the normal annual remuneration of the Arts Council's CEO, Dr Darren Henley.

HUTTON REVIEW DISCLOSURES – (AUDITED)

	2023/24 £	2022/23 £
Highest paid Director's salary	**149,736**	149,736
Percentage increase from previous year	**0%**	0%
Median salary	**35,225**	33,708
Percentage increase from previous year	**4.5%**	3.5%
Ratio	**4.25**	4.44
Upper quartile	**46,709**	44,697
Percentage increase from previous year	**4.5%**	2.5%
Ratio	**3.21**	3.35
Lower quartile	**30,633**	29,850
Percentage increase from previous year	**2.6%**	7.9%
Ratio	**4.89**	5.02
Performance Bonus	**266**	250
Percentage increase from previous year	**6.4%**	0.0%

THE RANGE OF STAFF SALARY DURING THE YEAR WAS £21,840 TO £149,736 (2022/23: £20,021 TO £149,736). THE 'HIGHEST PAID DIRECTOR'S SALARY' DID NOT CHANGE COMPARED TO 2022/23 AS THE CHIEF EXECUTIVE DID NOT RECEIVE A PAY AWARD. ALL OTHER STAFF RECEIVED A PAY INCREASE OF BETWEEN 4.5% AND 6.5% WITH A ONE-OFF LUMP SUM PAYMENT OF £1,500.

STAFF COSTS (SUBJECT TO AUDIT)

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
Staff costs comprise:					
Salaries and wages	26,702	2,849	11,520	12,333	12,900
Employer's National Insurance	2,690	281	1,149	1,260	1,245
Employer's pension contributions	4,621	489	1,983	2,149	2,102
Redundancy Costs	208	–	–	208	115
Agency staff	300	20	166	115	305
	34,521	**3,639**	**14,818**	**16,065**	**16,667**

EMOLUMENTS BY BANDS (SUBJECT TO AUDIT)

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below.

	PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	**DEFINED BENEFIT**	**DEFINED CONTRIBUTION**	**NO PENSION**	**TOTAL 2023/24**	**TOTAL 2022/23**
£60,000-£69,999	**30**	**–**	**–**	**30**	17
£70,000-£79,999	**7**	**2**	**–**	**9**	8
£80,000-£89,999	**7**	**–**	**–**	**7**	11
£90,000-£99,999	**9**	**–**	**–**	**9**	2
£110,000-£119,999	**1**	**–**	**–**	**1**	5
£120,000-£129,999	**3**	**–**	**–**	**3**	1
£130,000-£139,999	**2**	**–**	**–**	**2**	1
£140,000-£149,999	**1**	**–**	**–**	**1**	–
£150,000-£159,999	**1**	**–**	**–**	**1**	1
				63	46

COMPENSATION SCHEME – EXIT PACKAGES (AUDITED)

Details of redundancies and other exit packages agreed during 2023/24 are as follows:

EXIT PACKAGE COST BAND	**2023/24**			2022/23		
	NUMBER OF COMPULSORY REDUNDANCIES	**NUMBER OF OTHER DEPARTURES AGREED**	**TOTAL EXIT PACKAGES DURING 2023/24**	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23
< £9,999	1	–	**1**	1	–	1
£10,000 – £24,999	–	–	**–**	–	–	–
£25,000 – £49,999	2	–	**2**	3	–	3
£50,000 – £99,999	2	–	**2**	1	–	1
£100,000 – £149,999	–	–	**–**	–	–	–
Total number of exit packages by type	5	–	**5**	5	–	5
Total resource cost £000s	208	–	**208**	170	–	170

Redundancy and other departure costs have been paid in accordance with the provisions of the Arts Council's job security policy. The Arts Council pays exit costs when employment ends but provides for exit costs at the point when there is sufficiently detailed information to do so.

TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

In accordance with HM Treasury guidance on disclosure, the following disclosures set out the number of interim staff and the assurances given about tax status.

There was one new off-payroll engagement during 2023/24 for more than £245 per day.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2023 and 31 March 2024, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024.

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	–
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year	9

TRANSFER VALUES

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The calculation of the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Arts Council Retirement Plan. They also include any additional pension benefit accrued to the member as a result of buying additional pension benefits at their own cost. Transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

INCREASE IN TRANSFER VALUE (NET OF INFLATION) (AUDITED)

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2024 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2023/24 £000s	TRANSFER VALUE AT 31 MARCH 2024 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2023/24 £000s	TRANSFER VALUE AT 31 MARCH 2023 £000s
Dr Darren Henley CBE Chief Executive	26 (79)	– (1)	255	-9	229
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	59 (177)	– (1)	786	-4	694
Simon Mellor OBE Deputy CEO (Arts & Museums)	28 (84)	1 (3)	486	9	452
Tonya Nelson Executive Director (Enterprise & Innovation)	7 (21)	2 (6)	68	13	39
Mags Patten Executive Director (Public Policy & Communications)	27 (81)	1 (3)	291	-1	248
Francis Runacres MBE Executive Director (Enterprise & Innovation)	31 (94)	– (-1)	499	-6	519
Richard Russell Chief Operating Officer	51 (154)	– (1)	692	-3	620
Navees Rahman Chief Financial & Resources Officer	2 (5)	1 (4)	12	2	1

The above table shows the increase in transfer value that is funded by the employer net of the increase in accrued pension due to inflation. This increase also excludes contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement or purchased via an Additional Voluntary Contribution contract) and uses common market valuation factors for the start and end of the period.

STAFF REPORT

In the year to 31 March 2024, the Arts Council staff headcount grew from 643 to 675. The full-time equivalent staff number changed from 601 to 629. Of these, 298 staff were based in area teams – for London, South East, Midlands, North and South West (working from nine offices across these areas to support the local arts and culture ecology) and 377 were based in national teams (which include Communications, Corporate Functions, Arts and Culture specialist teams and the organisation's Investment team).

The organisation's voluntary leaver rate fell from 13.2% in 2022/23 to 9.8% in 2023/24. This year's figure is in line with general voluntary leaver levels for the organisation across the longer term. The total of 66 voluntary leavers in the year compares to 21 non voluntary leavers in this year – most of whom were the result of temporary roles coming to an end. During 2023/24 staff sickness rate was 2.40% slightly lower than in 2022/23 (2.53%)

As at this financial year end, 209 colleagues have now worked for the organisation for more than 10 years, while 207 have joined since March 2020. 598 individual staff were in permanent roles and 77 were in fixed term roles. There were no large redundancy programmes in the year and the organisation does not have roles which are filled by volunteers. As at the year end, there were six apprentices employed within the organisation, although a further nine are under offer of employment or in process of recruitment.

Looking at how these figures break down by different protected characteristic groups, the numbers of D/deaf or disabled colleagues stands at 13.8% – which is the highest proportion since our records began in 2008. In 2022, our commencement of asking staff to self-report neurodiversity brings the total to 18% if this is included. A record high of 18% of colleagues also now identify as Lesbian, Gay, Bi, Queer or other sexual orientation. 12.6% of staff were recorded as Black, Asian or Ethnically Diverse – which marks a small increase in numbers on the previous year.

Nearly 70% of our people are female. Our gender pay gap reporting works to the previous year end (which in this case was 31 March 2023). The median gender pay gap increased from 2.2% at 2022 year-end to 4.7% at 2023 year-end. This reflects an increase in male staff in the highest salary quartile by 10% and a fall in their numbers in the lowest salary quartile of 7.7%. This is a reflection of recruitment and promotion trends rather than any disparities between those employed in the same roles.

Both our mean and median ethnicity pay gap scores for 2023 were negative – meaning that the average pay for Black, Asian & Ethnically Diverse staff exceeds that for White British and European staff by 7% and 5% respectively The Arts Council has to work within the public sector pay guidance by the Cabinet Office but it continues to be accredited as a Living Wage Employer.

In 2023/24 the organisation introduced a new social model of access and inclusion for D/deaf, disabled and neurodiverse staff, which was at the core of a revised workplace adjustments policy. The social model takes the focus away from 'disability as impairment' to place onus on organisations to remove barriers and improve access. Arts Council England is committed to inclusive recruitment and have implemented processes and guidance for candidates to ensure equality of opportunity for all candidates applying for vacancies. Arts Council England are a Disability Confident Employer, and take part in the guaranteed interview scheme. Disabled, D/deaf and/or neurodivergent candidates who meet the minimum (essential) criteria for a post (as set out in the job description) will be guaranteed an interview for it. Arts Council England is also committed to making workplace adjustments – alterations to working environment and practices that enable a person who is disabled

or has a long-term condition to continue to carry out their duties without being at a disadvantage compared to others.

In June 2023 an independent review of inclusion in the Arts Council was published. It said in summary that the Arts Council has achieved commendable progress across several dimensions. This includes successes in diversifying the talent pool from which it recruits and taking actions to support staff with a wide range of protected characteristics, needs, and abilities to achieve pay parity. However, other areas require ongoing attention across protected characteristics. These include the need to improve transparency in advancement processes and some staff colleagues' confidence that the Arts Council will fairly and transparently resolve formal and informal grievances. The Arts Council has also not succeeded in building a culture that fully realises its EDI aspirations in all teams and regional offices. This has contributed to mixed experiences for staff colleagues across a range of protected characteristics.

Since publication, steering groups and project groups have been set up to address a number of the issues raised, and their achievements include improving transparency around making formal and informal complaints, continuing to build access support across all aspects of working life for colleagues who need this, and building better relationships with staff networks.

In the staff survey we ran in November 2023, 76% of colleagues participated. Of these, 71% reported the Arts Council as a good place, or one of the best places, to work. 71% also said they'd speak highly of the organisation if asked and 70% said their job gave them the opportunity to do challenging and interesting work. 77% said they understood how their work contributes to our 10-year strategy, although the figures for feeling valued and feeling like they belong – both at 59% were lower. 58% of colleagues did not feel their workload was high, but 40% did.

Across the 2023/24 financial year, we delivered the equivalent of over 1,000 days of training through both internal and external provision on subjects ranging from equality, diversity and inclusion, to funding programmes and leadership. EDI Learning and Development courses which were rolled out in the year included course modules for senior leaders to become disability access leads, a general introduction to disability and neurodiversity inclusion, equality impact assessments, inclusive leadership and Plain English. In addition to these scheduled offerings, we supported 165 individual and team training and development requests. We developed a capability framework identifying the skills, knowledge and behaviours needed to deliver the cultural development detailed in *Let's Create* and we also crystallised our intentions to embed a coaching culture across the organisation throughout 2024.

The audited staff numbers in this report are disclosed within Note 5 of the Grant-in-Aid accounts.

TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect on 1 April 2017 and mean that public sector employers are now required to publish certain information on trade union officials and facility time in their annual report.

Facility time covers duties carried out for the trade union or as a union learning representative – for example, accompanying an employee to a disciplinary or grievance hearing. It will also cover training received and duties carried out under the Health and Safety at Work Act 1974.

The information for Arts Council England is as follows:

Relevant union officials

What was the total number of Arts Council England employees who were relevant union officials during the relevant period?

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL-TIME EQUIVALENT EMPLOYEE NUMBER
14	13.5

Percentage of time spent on facility time

How many of Arts Council England employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
0%	–
1-50%	14
51%–99%	–
100%	–

Percentage of pay bill spent on facility time

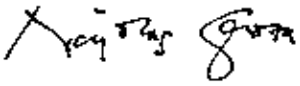
The figures below show the percentage of Arts Council England's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£37,137
Total pay bill	£34,671,495
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.11%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

Dr Darren Henley CBE
Chief Executive
24 JULY 2024



Sir Nicholas Serota CH
Chair
24 JULY 2024

07.

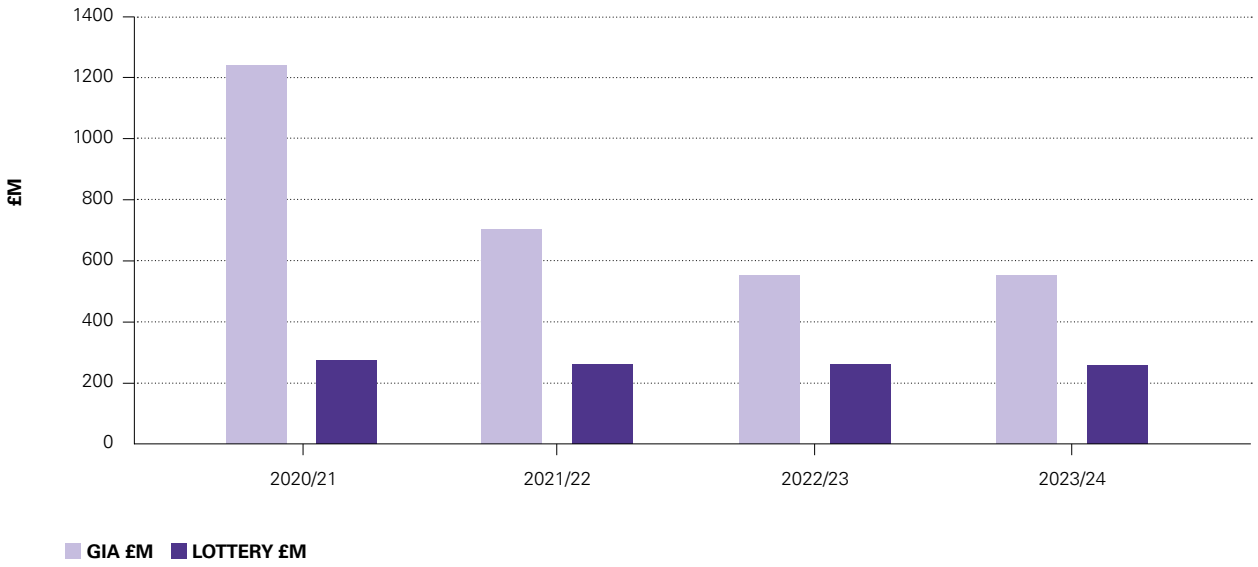
Strategic report

STRATEGIC REPORT
GRANT-IN-AID

Our income

Arts Council England receives Grant-in-Aid from the Department for Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £548 million for the year (2022/23: £540 million), which included £384 million for various revenue grants programmes and £63.3 million of capital funds to allocate as grants. It also included funding from the Department for Education of £81.2 million (2022/23: £82.1 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last five years. Lottery income has remained fairly level throughout the period; Grant-in-Aid income stayed at broadly the same level between 2022/23 and 2023/24.

OUR INCOME (£m)



GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2023/24:

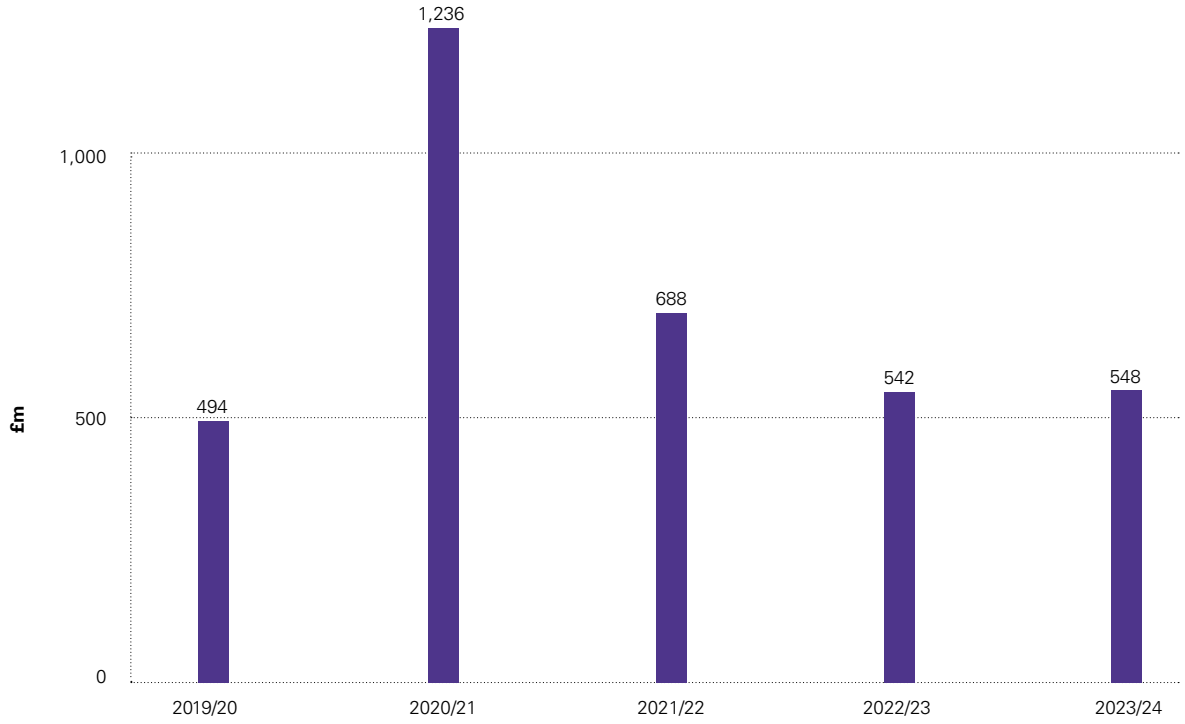
PROGRAMME	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
Sadlers Wells	2.43	–
Coventry/Bradford city culture	4.63	5.50
Cultural Development Fund	1.16	17.46
Regional Museums	–	22.60
CIF Libraries	–	5.00
Grassroot music	2.30	–
Competent Authority	0.02	–
Music Hubs – DfE	77.58	–
NYMO – DfE	0.53	–
NYDC	0.20	–
Sorrell National Art & Design clubs	0.13	–
Museums and Schools	1.20	–
Other Capital Grants	12.71	–

GRANT-IN-AID EXPENDITURE

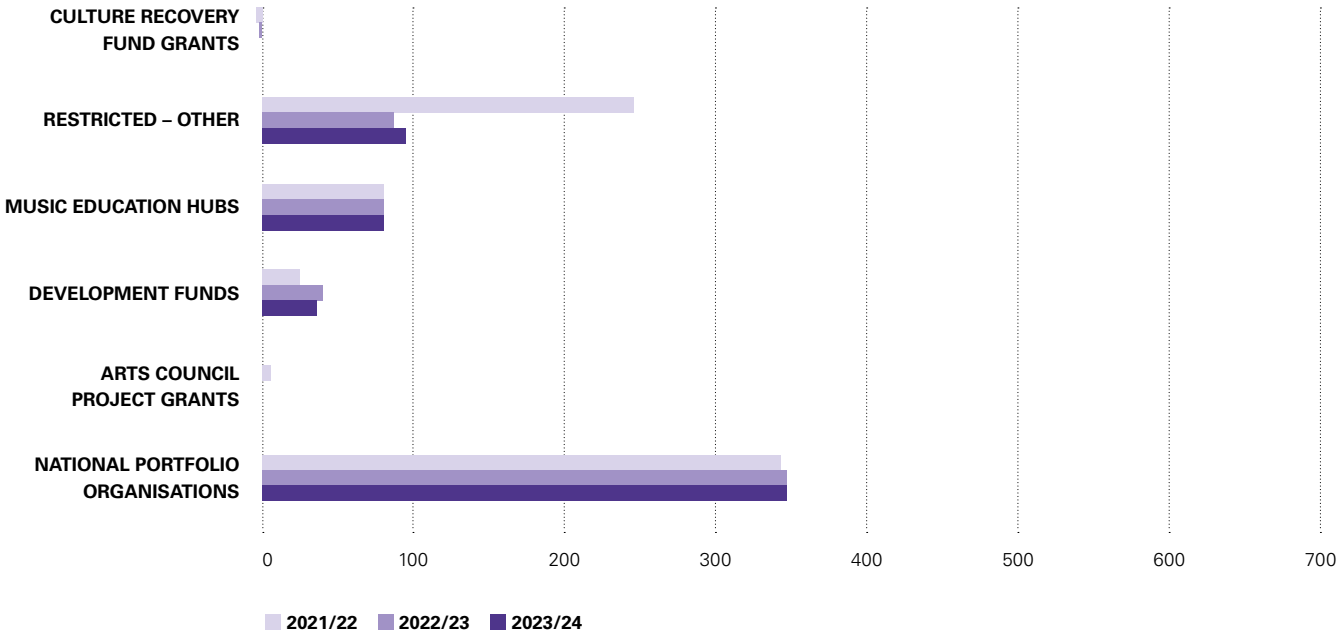
Our expenditure during 2023/24 remained broadly consistent with the prior year. Grant-in-Aid expenditure was highest in 2020/21 as a result of the Government's Covid-19-related Culture Recovery Fund programme.

During 2023/24 £347 million was awarded to National Portfolio Organisations (2022/23: £347 million), £78 million to Music Education Hubs (2022/23: £78 million) and £94 million in other Restricted grants (2022/23: £83 million).

GRANT-IN-AID EXPENDITURE 2020-2024



GRANT-IN-AID EXPENDITURE (£m)



As a non-departmental public body, we have a duty to stay within our departmental expenditure limits (DEL) budgets set by DCMS, irrespective of how the financial statements then translate when prepared under the Charities SORP.

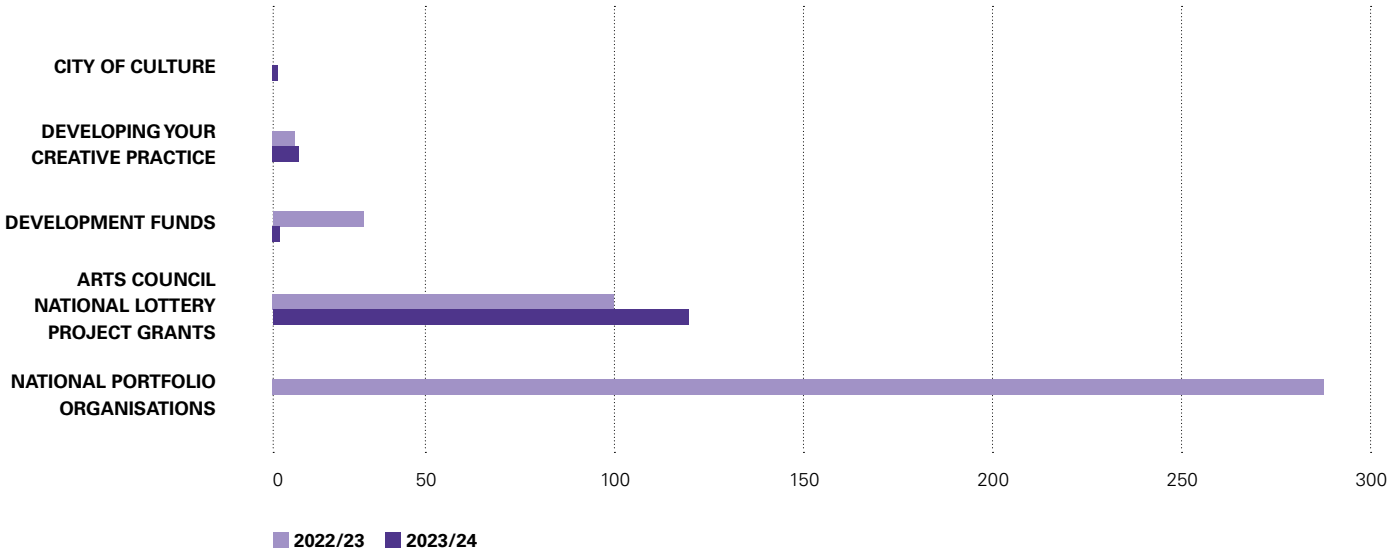
Our out-turn against our revenue DEL budgets, set by DCMS, is a £446,000 underspend (2022/23: £350,000 underspend). However, the Statement of Financial Activities shows net income for the year of £1,853,000 (2022/23: net income of £475,000).

The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to Capital expenditure, the treatment of provisions and depreciation. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance. Further information and a reconciliation is available in Note 28 of the Grant-in-Aid accounts.

At 31 March 2024, Arts Council England had unrestricted reserves of £1,581,000 (2022/23: £946,000) together with £10.1 million (2022/23: £9.8 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2023/24 were £83,000 including VAT (2022/23: £78,000 including VAT). Full details in relation to financial instruments are given in Note 26 to the Grant-in-Aid accounts.

LOTTERY PROGRAMME EXPENDITURE (£m)



Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £192 million (2022/23: £428 million).

At year-end, a total of £339 million (2022/23: £420 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £175 million (2022/23: £212 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £339 million of Lottery grant commitments are known to be spread over a three-year period from 1 April 2024 to 31 March 2027.

Actual proceeds from the National Lottery received in 2023/24 were £241 million, lower than the £247 million received in 2022/23.

Our Lottery balance policy states that we should maintain a cash reserve of at least £25 million in each year over the period to March 2025. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible as the sector recovers from the pandemic.

Our Lottery balance exceeds this amount at year-end due to the need to hold cash for grants with longer-term cashflow requirements beyond 31 March 2024.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2023/24 (see pages 178 to 198).

Full details in relation to financial instruments are given in Note 19 of the Lottery distribution accounts.

Fees payable to the National Audit Office for Lottery external audit services during 2023/24 were £69,000 (2022/23: £65,000).

CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2023/24 and 2022/23 financial years.

	2023/24 £000s	2022/23 £000s
INCOME		
Grant-in-Aid income	**548,207**	540,235
Share of the National Lottery Distribution Fund	**240,513**	246,755
Investment returns on the Distribution Fund	**11,719**	4,952
Other income	**2,627**	3,768
Total income	**803,066**	795,710
EXPENDITURE		
Net Grant-in-Aid grant commitments	**518,657**	514,462
Other Grant-in-Aid arts expenditure	**8,165**	4,123
Net Lottery grant commitments	**187,871**	427,254
Lottery Invoiced Arts expenditure	**1,164**	1,069
Support costs	**40,433**	42,722
Total expenditure	**756,290**	989,630
Net gains/(losses) on investments	**(43)**	16
Net income/(expenditure)	**46,733**	(193,904)
Actuarial gains/(losses) on defined benefit pension schemes	**(762)**	(571)
	(762)	(571)
Net movement in funds	**45,971**	(194,475)
Consolidated reserves brought forward	**(198,317)**	(3,842)
Consolidated reserves carried forward	**(152,346)**	(198,317)

Administration costs are 4.93 per cent of income (2022/23: 5.3 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £21.1 million, which is 3.83 per cent of income (2022/23: 3.53 per cent). Lottery administration (excluding one-off IT costs) totalled £18.54 million, which is 7.34 per cent of income (2022/23: 7.42 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

PLANS FOR THE FUTURE

Our strategy, *Let's Create*, describes our vision that by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we periodically publish delivery plans. These set out in more detail the steps we will take to deliver *Let's Create* and how we will resource them. The first Delivery Plan covering 2021-24 was published in September 2021 and was updated annually.

Our five themes for the first Delivery Plan arose out of our conversations with the Government and those working in the cultural sector, and were designed to focus on those areas viewed as being in most pressing need of attention and investment if we were to successfully navigate the new, post-pandemic landscape. The themes were:

1. A 'fit for the future' cultural sector
2. Supporting individuals
3. Strengthening our place-based approach and contributing to levelling up
4. Working internationally
5. How the Arts Council will change

The first Delivery Plan included an impact framework which sets out the measures we will use over the lifetime of *Let's Create* to assess progress towards our three long-term Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country.

The framework also sets out the measures we will use to demonstrate progress on each of the five Themes in this Delivery Plan and how our delivery against these Themes contributes to the long-term changes set out in *Let's Create*.

We will be reporting on the progress made during the first Delivery Plan later in 2024/25.

A new Delivery Plan covering the 2024-27 period will be published in 2024, and will be structured around the three Outcomes of *Let's Create* and 'How the Arts Council will change'. The plan will continue to be updated annually.

GOING CONCERN ASSESSMENT

The Trustees confirm that the Financial Statements have been prepared on a 'Going Concern' basis. This assumption is based on the funding agreement agreed with the Department for Culture, Media and Sport for 2024/25 and the current income forecasts relating to the National Lottery Distribution Fund.

STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under both the Royal Charter and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), Arts Council England is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of Arts Council England's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are

prepared in line with the Government Financial Reporting Manual. Both sets of accounts are also expected to:

- observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a consistent basis, and make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's-length bodies are set out in chapter three of *Managing Public Money*. Formally the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

The Accounting Officer signing off these accounts has gained assurance in the following ways:

- a meeting with the Chief Finance and Resources Officer to go through the financial controls
- attending Performance and Audit Committee meetings where internal audit reports are reviewed and other internal control matters are scrutinised

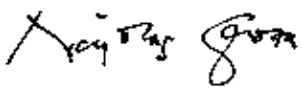
The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that, as far as he is aware, the annual report and accounts as a whole is fair, balanced and understandable and he takes responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, The Hive, 49 Lever Street, Manchester, M1 1FN.

Dr Darren Henley CBE
Chief Executive
24 JULY 2024



Sir Nicholas Serota CH
Chair
24 JULY 2024

08.

Grant-in-Aid accounts

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE TRUSTEES OF THE ARTS COUNCIL ENGLAND AND THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of the Arts Council England (Grant-in-Aid accounts) for the year ended 31 March 2024.

The financial statements comprise the Arts Council England (Grant-in-Aid accounts):

- The Balance Sheet as at 31 March 2024;
- Statement of Financial Activities, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's (Grant-in-Aid accounts) affairs as at 31 March 2024 and its total income/(expenditure) before other recognised gains and losses for the year then ended;
- have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Chief Executive with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report but does not include the

financial statements and my auditor's report thereafter. The Trustees and Chief Executive are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Royal Charter; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report,

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Performance Report and Accountability Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Secretary of State directions under the Royal Charter have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees' and Chief Executive's Responsibilities, the Trustees and the Chief Executive are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Arts Council England from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the applicable financial reporting framework;
- preparing the Performance Report and Accountability Report, which includes the Remuneration and Staff Report, in accordance with HM Treasury's Government Financial Reporting Manual.; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Chief Executive either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit and express an opinion on the financial statements in accordance with the applicable laws and International Standards on Auditing (UK) and the Charities Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud I:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies.
- inquired of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the Royal Charter, Charities Act 2011, and Managing Public Money
- inquired of management, the Arts Council England's head of internal audit and those charged with governance whether:
  - they were aware of any instances

of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud;

— discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas, posting of unusual journals, complex transactions, bias in management estimates and regularity of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the Arts Council England's framework of authority and other legal and regulatory frameworks in which the Arts Council England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included, The Royal Charter, The Charities Act 2011, Managing Public Money, employment law and pensions legislation.

I considered the controls in place at the Arts Council England to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

— I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;

— in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

— I tested a sample of grant expenditure to gain assurance that grants had been spent on intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies
Comptroller and Auditor General

24TH JULY 2024

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2024

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2a	**390,336**	**157,871**	**–**	**548,207**	540,236
Investments	2b	**–**	**–**	**21**	**21**	15
Charitable activities	3	**1,086**	**1,072**	**–**	**2,158**	2,658
Other: Lottery distribution accounts	4	**18,764**	**–**	**–**	**18,764**	18,859
Total income and endowments		**410,186**	**158,943**	**21**	**569,150**	561,768
EXPENDITURE ON:						
Charitable activities (including governance costs)	4	**389,865**	**158,625**	**–**	**548,490**	542,448
Other: Support costs attributable to Lottery distributions accounts	4	**18,764**	**–**	**–**	**18,764**	18,859
Total expenditure		**408,629**	**158,625**	**–**	**567,254**	561,307
Net gains/(losses) on investments	9	**–**	**–**	**(42)**	**(42)**	16
Total income/(expenditure) before exceptional items		**1,557**	**318**	**(21)**	**1,854**	477
Total income/(expenditure) before other recognised gains and losses		**1,557**	**318**	**(21)**	**1,854**	477
OTHER RECOGNISED GAINS/LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	7	**(763)**	**–**	**–**	**(763)**	(571)
Net movement in funds	17	**794**	**318**	**(21)**	**1,091**	(94)
RECONCILIATION OF FUNDS						
Balance brought forward at 1 April		**13,281**	**714**	**778**	**14,773**	14,867
Total funds carried forward at 31 March		**14,075**	**1,032**	**757**	**15,864**	14,773

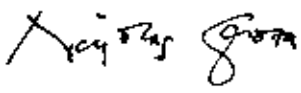
ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 105 TO 147 FORM PART OF THESE ACCOUNTS.

BALANCE SHEET AS AT 31 MARCH 2024

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2024 £000s	TOTAL 31 MARCH 2023 £000s
FIXED ASSETS						
Tangible assets	10	**3,155**	**–**	**–**	**3,155**	3,276
Heritage assets – Works of Art Collection	10	**9,339**	**–**	**–**	**9,339**	9,058
Investments	9	**–**	**–**	**757**	**757**	778
Total fixed assets		**12,494**	**–**	**757**	**13,251**	13,112
CURRENT ASSETS						
Debtors	12	**–**	**174,218**	**–**	**174,218**	121,237
Due from Arts Council Lottery accounts		**4,139**	**–**	**–**	**4,139**	5,195
Grants paid in advance	13	**4,652**	**101**	**–**	**4,753**	–
Cash and cash equivalents		**20,522**	**12,251**	**–**	**32,773**	58,112
Total current assets		**29,313**	**186,570**	**–**	**215,883**	184,544
LIABILITIES: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Grants outstanding	14	**21,130**	**183,777**	**–**	**204,907**	175,098
Creditors	15	**5,502**	**1,761**	**–**	**7,263**	5,599
Total creditors: amounts falling within one year		**26,632**	**185,538**	**–**	**212,170**	180,697
Net current assets		**2,681**	**1,032**	**–**	**3,713**	3,847
Total assets less current liabilities		**15,175**	**1,032**	**757**	**16,964**	16,959
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
Provisions for liabilities and charges	16	**1,100**	**–**	**–**	**1,100**	2,186
Net assets excluding pension liability		**14,075**	**1,032**	**757**	**15,864**	14,773
Defined benefit pension scheme liability	7	**–**	**–**	**–**	**–**	–
Net assets including pension liability		**14,075**	**1,032**	**757**	**15,864**	14,773
THE FUNDS OF THE CHARITY						
Represented by income funds						
Unrestricted fund	17	**1,581**	**–**	**–**	**1,581**	947
Restricted fund	17	**–**	**1,032**	**–**	**1,032**	714
Represented by capital funds	17					
Endowment funds		**–**	**–**	**757**	**757**	778
Designated fund		**9,339**	**–**	**–**	**9,339**	9,058
Donated asset reserve		**–**	**–**	**–**	**–**	–
Capital reserve		**3,155**	**–**	**–**	**3,155**	3,276
Pension reserve	7	**–**	**–**	**–**	**–**	–
Total charity funds		**14,075**	**1,032**	**757**	**15,864**	**14,773**

THE NOTES ON PAGES 105 TO 147 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
24 JULY 2024



Sir Nicholas Serota CH
Chair
24 JULY 2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	2023/24 £000s	2022/23 £000s
CASH FLOWS FROM OPERATING ACTIVITIES :			
Funds received from the Department for Culture, Media and Sport		**495,330**	524,307
Other cash receipts		**21,872**	22,732
Grants paid to arts organisations and other bodies		**(493,601)**	(519,978)
Cash paid to and on behalf of employees		**(35,283)**	(35,735)
Other cash payments		**(13,199)**	(10,606)
Net cash provided by/(used in) operating activities	18	**(24,881)**	(19,280)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on short-term cash deposits		**9**	3
Dividends received		**12**	12
Purchase of tangible fixed assets		**(459)**	(953)
Sale of tangible fixed assets		**–**	–
Net cash provided by/(used in) investing activities		**(438)**	(938)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Endowment Income/(Investments)		**(21)**	(15)
Net cash provided by/(used in) financing activities		**(21)**	(15)
Change in cash and cash equivalents in the reporting period	19	**(25,340)**	(20,233)
Cash and cash equivalents at the beginning of the reporting period		**58,112**	78,345
Cash and cash equivalents at the end of the reporting period		**32,772**	58,112

THE NOTES ON PAGES 105 TO 147 FORM PART OF THESE ACCOUNTS.

NOTES TO THE GRANT-IN-AID ACCOUNTS

1a. BASIS OF ACCOUNTS

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in April 2024. The accounts are presented in accordance with the Charities SORP 2019 issued by the Charity Commission in 2019.

The accounts are prepared on a going concern basis and the historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for Arts Council England, the value of fixed assets expressed in current cost terms are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet.

Arts Council England no longer owns any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 93.

1b. INCOME

Grant-in-Aid from the Department for Culture, Media and Sport (DCMS) is taken to the Statement of Financial Activities in the year to which it relates. All other income is accounted for once entitlement is probable.

1c. EXPENDITURE

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in Note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Expenditure classified as activities undertaken directly relates to expenditure supporting the arts other than grants. This includes the cost of delivering major arts policies and projects. Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Governance costs comprise an apportionment of general administration expenditure based on an estimate of staff time and direct costs such as the cost of administering National Council and external and internal audit.

1d. DEPRECIATION AND FIXED ASSETS

Tangible fixed assets excluding heritage assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- leasehold buildings: life of the lease
- fixtures and fittings: five years
- motor vehicles: five years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Except for heritage assets, all individual assets valued greater than £2,000 are capitalised. There is no *de minimis* limit for heritage assets.

Heritage assets

Arts Council England is guardian and trustee over one collection of heritage assets which is held in furtherance of our mission to champion, develop and invest in artistic and cultural experiences that enrich people's lives. The collection is accounted for as follows

Works of Art Collection

The Works of Art Collection is accounted for on the historic cost basis. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are recorded at cost and donations are recorded with a nil value to represent the financial investment in the works.

1e. LEASES

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease. Lease incentives (e.g. rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

1f. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1g. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there is no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

All employers are legally required to enrol their staff onto a workplace pension scheme. As such we now also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension) if they choose not to join the Arts Council Retirement Plan.

1h. APPORTIONED COSTS

Arts Council England incurs administration costs that relate to activities funded from Grant-in-Aid and the National Lottery Distribution Fund. We are required to apportion these costs between the two areas on a full cost basis in accordance with good accounting practice.

In accordance with the Charities SORP we have apportioned administration costs between our different activities. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment. The notes to the statement of financial activities will show the costs apportioned to Arts Council England Lottery distribution accounts where appropriate.

1i. CHANGE IN ACCOUNTING POLICY

There have been no changes in accounting policy during 2023/24.

1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. There has been no impact on the accounts. Further information on our financial instruments is disclosed within Note 26.

1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

2 INCOME

2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
DONATIONS AND LEGACIES					
CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL					
Core funding – revenue	**373,781**	**–**	**–**	**373,781**	363,040
Administration	**16,138**	**4,446**	**–**	**20,584**	20,433
Core capital	**417**	**–**	**–**	**417**	954
Ring-fenced funds	**–**	**153,425**	**–**	**153,425**	155,809
	390,336	**157,871**	**–**	**548,207**	540,236
OTHER DONATIONS AND LEGACIES					
Donations/bequests	**–**	**–**	**–**	**–**	–
Donations and legacies income	**390,336**	**157,871**	**–**	**548,207**	540,236

2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
INVESTMENT INCOME					
Bank interest received	–	–	**9**	**9**	3
Dividend income	–	–	**12**	**12**	12
Investment income	–	–	**21**	**21**	15

3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
GRANTS, SPONSORSHIPS AND DONATIONS RECEIVED				
Local Authorities	**5**	**82**	**87**	169
Non-government bodies	–	–	–	1
Other central Government bodies	**1,006**	**315**	**1,321**	1,949
Public Corporations	**5**	–	**5**	–
Sundry	**70**	**675**	**744**	539
Net incoming/(outgoing) resources for the year	**1,086**	**1,072**	**2,157**	2,658

4. ANALYSIS OF EXPENDITURE

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
National Portfolio Organisations	–	342,652	4,146	**346,798**	346,771
Arts Council National Lottery Project Grants	–	1,440	34	**1,474**	966
Development and investment funds	8,165	21,606	5,222	**34,993**	38,050
Music Education Hubs	–	76,049	2,034	**78,083**	78,071
Restricted – Other	–	83,457	10,232	**93,689**	82,622
Lapsed and revoked commitments	–	(6,547)	–	**(6,547)**	(4,032)
	8,165	**518,657**	**21,668**	**548,490**	542,448

National Portfolio Organisations are those organisations of strategic importance with which the Arts Council has long-term, multi-year funding agreements. Development funding and activities are those specific projects funded by grants and direct arts expenditure. They provide essential leverage for national, regional and local partnerships, and act as investment in seed funding, research and development for the arts in England.

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 and £100,000 for arts, museums and libraries projects. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the Hub. Hubs are coordinated by the Hub Lead Organisation, which takes on responsibility for the funding and governance of the Hub. The total amount of funding from the Department for Education in 2023/24 was £78.08 million (2022/23: £78.07 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These are also disclosed in the Strategic Report on page 88.

4b. ANALYSIS OF SUPPORT COSTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity.

	TOTAL SUPPORT COSTS 22/23 £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2023/24 £000s	TOTAL GRANT-IN-AID 2022/23 £000s
Staff costs	31,914	(14,818)	**17,096**	19,123
Indirect staff costs	887	59	**946**	793
Premises	1,874	(1,030)	**844**	1,066
Supplies & Services	2,540	(1,221)	**1,319**	1,378
Travel & Subsistence	882	(379)	**503**	328
Professional Fees	1,883	(734)	**1,149**	911
Central Costs	(260)	(169)	**(429)**	143
Depreciation	300	–	**300**	468
Other recharges	–	(250)	**(250)**	(457)
IT project costs	413	(221)	**192**	109
	40,433	**(18,763)**	**21,670**	23,862
Corporate governance costs included above	–	–	**1,329**	1,233

4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
National Portfolio Organisations	342,652	–	**342,652**	340,659
Arts Council National Lottery Project Grants	523	916	**1,440**	696
Development and investment funds	21,524	83	**21,606**	26,649
Music Education Hubs	76,049	–	**76,049**	76,105
Culture Recovery Funds	–	–	**–**	–
Restricted – Other	83,457	–	**83,457**	74,384
Lapsed and revoked commitments	(6,547)	–	**(6,547)**	(4,032)
	517,658	**999**	**518,657**	514,461

A detailed breakdown of all grant commitments can be found at:
www.artscouncil.org.uk/our-organisation/expenditure-data

5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2023/24 £000s	TOTAL 2022/23 £000s
STAFF COSTS COMPRISE					
Salaries and wages	26,702	2,849	(11,520)	**12,333**	12,900
Employer's National Insurance	2,690	281	(1,149)	**1,260**	1,244
Employer's pension contributions	4,621	489	(1,983)	**2,149**	2,102
Redundancy Costs	208	–	–	**208**	115
Agency staff	300	20	(166)	**114**	306
	34,521	**3,639**	**(14,818)**	**16,064**	16,667

In 2022/23 there was a £1.9 million lump sum payment made to the Art's Council Retirement Plan pension fund to reduce the pension deficit. Salary costs were lower this year due to a lower lump sum payment of £1.2m being made to the pension fund.

The average number of full-time equivalent employees during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2023/24	2022/23
Direct delivery of programmes	8	–	**8**	10
Support & corporate governance	612	5	**617**	630
	620	**5**	**625**	640

The average number of employees (headcount) during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2023/24	2022/23
Direct delivery of programmes	9	–	**9**	11
Support & corporate governance	663	7	**670**	689
	672	**7**	**679**	700

5b. EMOLUMENTS BY BANDS

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below.

	PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	**DEFINED BENEFIT**	**DEFINED CONTRIBUTION**	**NO PENSION**	**TOTAL 2023/24**	TOTAL 2022/23
£60,000-£69,999	**30**	**–**	**–**	**30**	17
£70,000-£79,999	**7**	**2**	**–**	**9**	8
£80,000-£89,999	**7**	**–**	**–**	**7**	11
£90,000-£99,999	**9**	**–**	**–**	**9**	2
£110,000-£119,999	**1**	**–**	**–**	**1**	5
£120,000-£129,999	**3**	**–**	**–**	**3**	1
£130,000-£139,999	**2**	**–**	**–**	**2**	1
£140,000-£149,999	**1**	**–**	**–**	**1**	–
£150,000-£159,999	**1**	**–**	**–**	**1**	1
				63	46

5C COMPENSATION SCHEMES – EXIT PACKAGES

	2023/24			2022/23		
EXIT PACKAGE COST BAND	**NUMBER OF COMPULSORY REDUNDANCIES**	**NUMBER OF OTHER DEPARTURES AGREED**	**TOTAL EXIT PACKAGES DURING 2023/24**	**NUMBER OF COMPULSORY REDUNDANCIES**	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23
< £9,999	**1**	**–**	**1**	**1**	–	1
£10,000-£24,999	**–**	**–**	**–**	**–**	–	–
£25,000-£49,999	**2**	**–**	**2**	**3**	–	3
£50,000-£99,999	**2**	**–**	**2**	**1**	–	1
Total number of exit packages by type	**5**	**–**	**5**	**5**	**–**	**5**
Total resource cost £000	208	–	**208**	170	–	**170**

5d. CONSULTANCY FEES

The total consultancy fees for 2023/24 were £416,531 (2022/23: £288,917).

6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2023/24, the total cost of tickets purchased for this purpose was £1,218 (2022/23: £1,002). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in Note 8.

7. PENSIONS

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

WEST YORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 319,000 members in 394 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2024, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The funded nature of the LGPS requires Arts Council England and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2024. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2024	31 MARCH 2023	31 MARCH 2022
Discount rate	**4.8%**	**4.8%**	2.8%
CPI inflation	**2.6%**	**2.7%**	3.1%
Rate of increase to pensions in payment	**2.6%**	**2.7%**	3.1%
Rate of increase to deferred pensions	**2.6%**	**2.7%**	3.1%
Rate of general increase in salaries	**3.85%**	**3.95%**	4.35%

ASSET ALLOCATION

	VALUE AT 31 MARCH 2024 %	VALUE AT 31 MARCH 2023 %
Equities	**79.4%**	81.3%
Property	**2.8%**	3.3%
Government bonds	**8.5%**	6.0%
Corporate bonds	**4.2%**	4.3%
Cash	**1.8%**	2.9%
Other	**3.3%**	2.2%
Total	**100%**	100%

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2024 £millions	VALUE AS AT 31 MARCH 2023 £millions	VALUE AS AT 31 MARCH 2022 £millions
Fair value of assets	**54.805**	48.741	48.453
Present value of funded liabilities	**(33.787)**	(34.272)	(42.979)
Unrecognised asset*	**(21.018)**	(14.469)	(5.069)
Pension liability recognised on the balance sheet	**0.000**	0.000	0.405

* PARAGRAPH 28 OF FRS102 STATES THAT AN ENTITY CAN RECOGNISE A SCHEME SURPLUS ONLY TO THE EXTENT THAT IT IS ABLE TO RECOVER THE SURPLUS EITHER THROUGH REDUCED FUTURE CONTRIBUTIONS OR THROUGH REFUNDS FROM THE PENSION SCHEME. AS ARTS COUNCIL ENGLAND ARE NOT ABLE TO DO EITHER THE SURPLUS HAS NOT BEEN RECOGNISED ON OUR BALANCE SHEET

AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
OPERATING COST:		
Current service cost	**0.094**	0.155
Past service cost	**0.000**	0.000
FINANCING COST:		
Interest on net defined benefit liability/(asset)	**(0.706)**	(0.176)
Interest on unrecognised asset	**0.695**	0.000
Pension expense recognised in other comprehensive income	**0.083**	(0.021)

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Asset gains/(losses) arising during the period	**5.095**	(0.671)
Liability gains/(losses) arising during the period	**0.692**	8.754
Adjustment in respect of paragraph 28.22 FRS102	**(5.854)**	(9.101)
Total amount recognised in other comprehensive income	**(0.067)**	(1.018)

CHANGES TO THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Opening defined benefit obligation	**34.272**	42.979
Current service cost	**0.094**	0.155
Past service cost	**0.000**	0.000
Interest expense on defined benefit obligation	**1.610**	1.185
Contributions by participants	**0.032**	0.031
Actuarial (gains)/losses on liabilities	**(0.692)**	(8.754)
Net benefits paid out	**(1.529)**	(1.324)
Closing defined benefit obligation	**33.787**	34.272

CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Opening fair value of assets	**48.741**	48.453
Interest income on assets	**2.316**	1.361
Remeasurement gains/(losses) on assets	**5.095**	0.075
Contributions by the employer	**0.150**	0.145
Contributions by participants	**0.032**	0.031
Net benefits paid out*	**(1.529)**	(1.324)
Net increase in assets from disposals/acquisitions	**0.000**	0.000
Closing fair value of assets	**54.805**	48.741

* CONSISTS OF NET BENEFITS CASH FLOW OUT OF THE FUND IN RESPECT OF THE EMPLOYER, INCLUDING AN APPROXIMATE ALLOWANCE FOR THE EXPECTED COST OF DEATH IN SERVICE LUMP SUMS.

ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Interest income of assets	**2.316**	1.361
Gain/(loss) on assets	**5.095**	**(0.671)**
Total amount recognised in other comprehensive income	**7.411**	0.690

At the beginning of the year transfer payments were still outstanding from Surrey for their 11 members who transferred in 2002. Negotiations with Surrey Pension Fund have been ongoing for several years and a bulk transfer payment of £2,854,401 was finally received in March 2024.

Amounts due to the West Yorkshire Pension Fund at 31 March 2024 were £15,759 (31 March 2023: £16,013).

ARTS COUNCIL RETIREMENT PLAN (1994)

The scheme is a defined benefit scheme. Other employers contributing to the scheme are the Arts Council of Wales, Creative Scotland, the Crafts Council and Tŷ Cerdd – Music Centre Wales. Because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102). The actuaries of the fund are Hymans Robertson.

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2024 was £232.1 million (2023: £206.5 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2022, the actuarial value of the assets using the projected unit method was sufficient to cover 93 per cent of the value accrued to members, a deficit of £18,300,000. On the advice of the actuary, with effect from 1 April 2023, we are paying employer's contributions of 18.8 per cent of pensionable salary for Arts Council England employees and 25.4 per cent of pensionable salary for employees who transferred to Arts Council England from Museums, Libraries and Archives.

The main long-term assumptions used for the actuarial valuation were as follows:

Retail prices (RPI) inflation rate	Bank of England RPI curve, less 0.3% p.a.
Consumer prices (CPI) inflation rate	RPI inflation, less 1.0% p.a. prior to February 2030 and less 0.1% p.a. from February 2030
Long-term rate of pay increases	In line with CPI inflation
Rate of pension increases	In line with CPI inflation
Discount rate (past service)	Bank of England gilt yield curve, plus 1.5% p.a
Discount rate (future service)	Bank of England gilt yield curve, plus 2.5% p.a

Arts Council England is a participating employer in the Arts Council Retirement Plan (1994) together with four other separate organisations. There is no legal separation of the Plan's assets or liabilities and as such there is a certain amount of inevitable cross subsidy between participating employers depending on the experience of their own members. Under the Plan's rules there is also no requirement or discretion to segregate the assets of the scheme in the event of the cessation of a participating employer. As such it is a 'last man standing' arrangement and the remaining employers would become liable for meeting the pension obligations of other participating employers who cease participation.

Amounts due to the fund at 31 March 2024 were £512,326 (31 March 2023: £482,928).

THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE, and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation. Amounts due to The People's Pension as at 31st March 2024 were £10,198 (2022/23: £11,985).

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2023/24 were £5,532,288 (including a lump-sum deficit reduction payment of £1,233,000 (2022/23: £6,178,661). Employer contributions to The People's Pension were £92,288 (2022/23: £105,348).

Employer contributions made to the West Yorkshire Pension Fund during 2023/24 were £144,722 (2022/23: £144,460).

8. NET EXPENDITURE FOR THE YEAR

Total income of £1,852,981 (2022/23: £476,205) is stated after charging:

	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
Auditors' remuneration	**83**	78
Operating leases	**1,127**	1,266
Council members' travel, subsistence and hospitality for the 15 serving members during the year	**27**	7
Insurance: trustees' and senior officers' indemnity	**12**	20
Depreciation	**300**	468
Impairment	**–**	–

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT. THE OPERATING LEASES FIGURE FOR 2022/23 PREVIOUSLY INCLUDED COSTS WHICH RELATED TO ARTS COUNCIL LOTTERY. THIS HAS BEEN RESTATED SO THAT IT ONLY INCLUDES GRANT-IN-AID EXPENDITURE.

9. LEGACY BEQUESTS

Arts Council England is the beneficiary of two legacies: the Compton Poetry Fund and the Thornton Fund. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. Both legacies consist of a mixture of stocks/shares and cash. The Compton Poetry Fund consists of £359,000 in shares and £71,000 cash, and the Thornton fund consists of £65,000 in shares and £75,000 cash. Both legacies were incorporated into Arts Council England's accounts during 2013/14. The values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2019/20, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this is currently £121,000 and consists entirely of cash. There are three other legacies with a total value of £66,000.

	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2023	456	140	118	64	**778**
Income received in-year	10	6	3	2	**21**
Gains/(losses) on investments	(36)	(6)	–	–	**(42)**
Expenditure	–	–	–	–	**–**
Closing balance – 31 March 2024	**430**	**140**	**121**	**66**	**757**

REPRESENTED BY:	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Cash	71	75	121	66	**333**
Investments	359	65	–	–	**424**
Closing balance – 31 March 2024	**430**	**140**	**121**	**66**	**757**

10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART 23/24	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2023	8,815	4,814	**13,629**	9,058	**22,687**
Additions	145	33	**178**	281	**459**
Revaluations	–	–	**–**	–	**–**
Less: disposals	–	–	**–**	–	**–**
Cost or valuation at 31 March 2024	8,960	4,847	**13,807**	9,339	**23,146**
Depreciation at 1 April 2023	5,836	4,517	**10,353**	–	**10,353**
Less depreciation on disposals	–	–	**–**	–	**–**
Impairment	–	–	**–**	–	**–**
Provided for 2023/24	136	164	**300**	–	**300**
Depreciation at 31 March 2024	5,972	4,681	**10,653**	–	**10,653**
Net book value at 31 March 2024	2,988	166	**3,154**	9,339	**12,493**
Net book value at 31 March 2023	2,979	297	**3,276**	9,058	**12,334**

WORKS OF ART – ARTS COUNCIL COLLECTION

Valuation

Unlike our other fixed assets there is no *de minimis* capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000.

The Arts Council Collection has been built up since 1946 and consists of 8,171 items on 31 March 2024. The Arts Council Collection is held on the historic cost basis. The collection consists of purchased and donated assets. There are 403 donated items on 31 March 2024 which are valued at nil as per the historic cost basis.

Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and this is provided to the auditors for review.

The Arts Council Collection heritage assets are reported at valuation in the table below:

	2023/24 £000s	2022/23 RESTATED £000s	2021/22 RESTATED £000s	2020/21 RESTATED £000s	2019/20 RESTATED £000s
Cost or valuation at 1 April	**9,058**	8,825	8,525	8,179	7,941
Additions	**281**	233	300	346	238
Donations	**–**	–	–	–	–
Revaluations	**–**	–	–	–	–
Less: impairment	**–**	–	–	–	–
Less: disposal	**–**	–	–	–	–
Cost or valuation at 31 March	**9,339**	9,058	8,825	8,525	8,179

Further information on the heritage assets collection, preservation and management can be found on page 42.

11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2024, £4,139,434 was owed by Lottery to Grant-in-Aid (2022/23: £5,195,200).

12. DEBTORS

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Trade debtors	**95**	1,631
DCMS debtors	**171,458**	118,582
Other debtors	**129**	133
Prepayments and accrued income	**2,535**	891
	174,218	121,237

13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. Advances of £4,753,091 were made during 2023/24 (2022/23: £0).

14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2023/24. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2024 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
2023/24	–	394,031
2024/25	**411,555**	353,735
2025/26	**348,693**	343,732
2026/27	**50**	–
	760,298	1,091,498

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Trade creditors	**3,784**	2,656
Other creditors including taxes and social security	**63**	200
Accruals	**1,866**	1,570
Deferred income	**1,550**	1,172
	7,263	5,598

16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	PENSION DEFICIT £000s	**TOTAL £000s**
At 31 March 2023	1,032	3	1,151	**2,186**
Arising during the year	67	–	–	**67**
Used during the year	–	(2)	(1,151)	**(1,153)**
Reversed unused	–	–	–	**–**
At 31 March 2024	**1,099**	**1**	**–**	**1,100**
EXPECTED TIMING OF CASH FLOWS				
Provisions due within one year	960	1	–	**961**
Provisions due in more than one year	139	–	–	**139**

DESCRIPTION OF PROVISIONS

a) *Dilapidations*

Provision for dilapidations for leased premises (to cover the costs of any necessary reinstatement and repairs to the property at the termination of the lease).

b) *Tax*

Provision for payroll taxes owed to HMRC for any expenses and benefits paid to employees where tax has not been deducted at source.

c) *Pensions deficit*

Provision for deficit payments owed to the Art's Council Retirement Plan defined benefit pension scheme to cover liabilities arising from past service cost.

17. RECONCILIATION OF MOVEMENT IN FUNDS

	AT 31 MARCH 2023 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2024 £000s
Endowment funds	778	**21**	**–**	**(42)**	**–**	**757**
Restricted funds	714	**158,943**	**(158,625)**	**–**	**–**	**1,032**
Unrestricted income funds	947	**409,727**	**(408,330)**	**(763)**	**–**	**1,581**
CAPITAL FUNDS						
Designated funds	9,058	**281**	**–**	**–**	**–**	**9,339**
Capital reserve	3,276	**178**	**(300)**	**–**	**–**	**3,155**
Pension reserve	–	**–**	**–**	**–**	**–**	**–**
	14,773	**569,151**	**(567,255)**	**(805)**	**–**	**15,864**

DESCRIPTION OF FUNDS

Endowment funds

Arts Council England is the beneficiary of various legacies including the Compton Poetry Fund, the McCann Fund, and the Thornton Fund.

Restricted funds

The Arts Council receives specific ring-fenced Grant-in-Aid as well as grants, sponsorship and donations from various other sources for specific activities. Any such income and associated expenditure is identified separately.

Unrestricted income funds

Grant-in-Aid is received from the Department for Culture, Media and Sport (DCMS). This is the Arts Council's main source of income and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council. Use of these funds in subsequent years is restricted by the Government's budgetary controls.

Capital funds

a) *Designated funds*

This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

b) *Revaluation reserve*

This fund shows the difference between the original purchase cost (which is shown within Designated Funds above) and the current market value of the Arts Council Collection.

c) *Donated asset reserve*

This fund relates mainly to donations received by the Arts Council for obtaining Works of Art for our Collection.

d) *Capital reserve*

The capital reserve represents the balance of tangible assets.

e) *Pension reserve*

The pension reserve reflects the movements in the West Yorkshire Pension Fund defined benefit scheme.

18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2023/24 £000s	2022/23 £000s
Net income/(expenditure)	**1,853**	477
Interest receivable	**(9)**	(3)
(Profit)/Loss on disposal of Fixed Assets	**–**	2
Dividends received	**(12)**	(12)
Depreciation and impairment charges	**300**	468
(Gains)/losses on investments	**43**	(15)
Decrease/(increase) in debtors and prepayments	**(51,926)**	(14,715)
Decrease/(Increase) in grants paid in advance	**(4,753)**	–
Increase/(decrease) in grants outstanding	**29,809**	(5,517)
(Decrease)/Increase in creditors	**1,664**	(822)
(Decrease)/Increase in provisions	**(1,086)**	1,024
(Decrease)/Increase in defined benefit liability	**(762)**	(167)
Net cash provided by/(used in) operating activities	**(24,880)**	(19,280)

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2023/24 £000s	2022/23 £000s
(Decrease)/increase in cash and cash equivalents in the year	**(25,340)**	(20,233)
Cash at 1 April 2023	**58,112**	78,345
Cash at 31 March 2024	**32,772**	58,112

20. ANALYSIS OF NET CASH

	1 APRIL 2023 £000s	CASH FLOW £000s	**31 MARCH 2024 £000s**
Cash at bank	58,112	(25,340)	**32,772**

21. LEASES

At 31 March 2024, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	**31 MARCH 2024 £000s**	31 MARCH 2023 £000s
within one year	**565**	1,511
within two and five years inclusive	**2,287**	2,537
over five years	**–**	–
	2,852	4,048

THE LEASES RELATE PRIMARILY TO THE NINE OFFICES THAT ARE OCCUPIED BY ARTS COUNCIL ENGLAND.

22. SOUTHBANK CENTRE LEASE

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the Southbank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

23. ROYAL NATIONAL THEATRE LEASE

The Arts Council owns the freehold of the Royal National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

24. CAPITAL COMMITMENTS

As at 31 March 2024, the total value of capital commitments was £nil (2022/23: £nil).

25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. No losses were incurred and no special payments were made during 2022/23.

	2023/24 £000s	2022/23 £000s
Total value of losses and special payments	**43**	–
Total number of losses and special payments	**6**	–

26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Culture, Media and Sport (99.60 per cent) (2022/23: 99.51 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (96.69 per cent) (2022/233: 96.64 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of several legacies including the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £756,822 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Culture, Media and Sport (DCMS) in 2018.

In the past 12 months, 0.39% of funding was received from sources other than DCMS and 0.01% was generated from cash balances. This means that 99.60% of funding is sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

26b. INTEREST RATE RISK

As an Arms-Length Body of the Department for Culture, Media and Sport, our bank accounts are with the Government Banking Service, which is operated by RBS NatWest. This means that surplus daily cash balances are offset against overall Government debt by HM Treasury, thereby reducing the amount of interest which is paid by the Government. However, this means that no credit interest is received by Arts Council England.

26c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
DCMS debtor	**171,458**	118,582
Trade debtors	**95**	1,631
Other debtors	**129**	133
Accrued income	**2,535**	891
Due from Arts Council Lottery accounts	**4,139**	5,195
Cash at bank and in hand	**32,772**	58,112
	211,128	184,544

In our view the book value of the assets is the same as the fair value.

26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Grants outstanding	**204,907**	175,099
Trade creditors	**3,784**	2,656
Other creditors including taxes and social security	**63**	200
Accruals	**1,866**	1,570
Deferred income	**1,550**	1,172
	212,170	180,697

27. RELATED PARTIES

27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	30	55	–	Britten Sinfonia	Family member is Board Member
	115	–	–	CoMA Contemporary Music for All	Family member is Trustee
	50	–	–	NMC Recordings Ltd	Family member is Donor/ Lender/Trustee
	–	–	5	Tate Gallery	Curator
Abigail Pogson	3,577	63	–	North Music Trust	Managing Director
Andrew Miller MBE	25	91	65	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	10,125	10,213	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	–	8	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	177	5	–	British Youth Music Theatre	Family member is a designer
	7	–	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	612	10	–	Clore Leadership Programme	Advisor/Consultant
	244	25	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	166	255	5	Local Government Association (LGA)	Advisor/Consultant
	16,010	750	–	Royal Shakespeare Company	Trustee and Governor
	320	–	–	Screen South	Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	28	5	–	The Audience Agency	Advisor/Consultant
	15	5	–	The Space	Board Member and Advisor/Consultant
	4,000	–	–	Welsh National Opera	Trustee
Annabel Turpin	374	–	–	Stockton Arts Centre Ltd	Executive Director of organisation
	642	–	–	Sunderland Culture	Board Member
	602	150	–	Tees Valley Combined Authority	Board Member
	1,179	794	–	Oldham Council	Partner is employee

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
David Bryan CBE	719	–	–	Battersea Arts Centre	Chair of organisation
	–	–	5	British Council	Chair of the British Council's Arts and Creative Economy Advisory Group
	–	200		Creative Lives Charity Limited	Chair of organisation
	700	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch	–	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	–	–	37	Art Fund	Freelands Foundation Organisation
	–	25	–	Artcore	Freelands Foundation Organisation
	1,013	–	–	Autograph ABP	Freelands Foundation Organisation
	25	3	–	Bath Spa University	Freelands Foundation Organisation
	307	60	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	600	–	–	Camden Arts Centre	Freelands Foundation Organisation
	244	–	–	Cement Fields	Freelands Foundation Organisation
	168	–	–	Chisenhale Gallery	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Board Member
	466	–	–	Derby QUAD Ltd	Freelands Foundation Organisation
	2,236	–	17	English Stage Company Limited	Sister Group Ltd, founded by Elisabeth, funds this organisation
	–	413	–	Firstsite Ltd	Freelands Foundation Organisation
	219	–	–	Focal Point Gallery	Freelands Foundation Organisation
	212	20	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	264	–	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,619	1,031	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	274	-		MAIA	
	10	-		Manchester Metropolitan University	
	390	-		MK Gallery	
	2	1	–	National Art Collections Fund	Freelands Foundation Organisation
	35	71	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation. Coinvestor with ACE in Arts & Culture Impact Fund, managed by this company
	1,269	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	–	–	Primary	Freelands Foundation Organisation
	578	578	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	68	–	–	Studio Voltaire	Freelands Foundation Organisation
	–	–	5	Tate Gallery	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	1,288	811	–	Towner Art Gallery & Museum	Freelands Foundation Organisation
	290	–	–	Triangle Arts Trust	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	6,597	3,131	–	Tyne & Wear Archives & Museums	Freelands Foundation Organisation
	249	141	–	University of Wolverhampton	Freelands Foundation Organisation
	1,438	–	–	Whitechapel Gallery	Freelands Foundation Organisation
	185	185	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	1,652	–	–	Wiltshire Creative	Board Member
Paul Roberts OBE	37	–	–	Department for Education	Group member
	–	56	–	Durham University	Commisioner
	1,024	–	–	Nottingham Contemporary	Board Member
	18	–	–	Nottingham Music Service	Steering Group Member
Sally Shaw MBE	–	413	–	Firstsite Ltd	Executive Director
Sukhy Johal MBE	996	–	–	Lincolnshire Music Service	Advisory Board Member
	262	14	–	The University of Lincoln	Employee
	236	–	–	Threshold Studios	Family member is employee
Veronica Wadley (Baroness Fleet CBE)	5,775	–	495,330	Department for Culture, Media and Sport	Chair, Advisory Panel for National Plan for Music Education 2022
	37	–	–	Department for Education	Chair, Advisory Panel for National Plan for Music Education 2022
William Bush CBE	2,180	5	–	English Touring Opera	Deputy Chair / Board Member
YolanDa Brown OBE	1,830	–	–	London Philharmonic Orchestra	Advisory Board Member
	330	330	–	PRS for Music Foundation	Board Member
	18,852	5,003	–	Southbank Centre	Advisory Board Member
	–	3	–	The National Foundation for Youth Music	Chair

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	644	289	–	Britten Sinfonia	Family Member is Board Member
Abigail Pogson	3,841	250	–	North Music Trust	Managing Director
Andrew Miller MBE	60	69	–	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	12	–	3	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	1	6	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	1,615	42	–	Coventry City of Culture Trust	Advisor/Consultant
	–	–	125	Department for Work and Pensions	Appointed UK Disability Champion Arts & Culture
	194	–	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	575	–	–	Graeae Theatre Company Ltd	Advisor/Consultant
	124	90	–	Local Government Association (LGA)	Advisor/Consultant
	1,380	230	–	Nottingham Playhouse Trust Limited	Family Member is Employee
	15,260	–	–	Royal Shakespeare Company	Trustee and Governor
	294	–	–	Shape Arts	Advisor/Consultant
	102	–	–	Tete a Tete	Advisor/Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	949	132	–	The Audience Agency	Advisor/Consultant
	159	9	–	The Space	Board Member and Advisor/Consultant
	1,341	113	–	University of Oxford	Advisor/Consultant
	268	99	–	Unlimited	Advisor/Consultant

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
David Bryan CBE	707	–	–	Battersea Arts Centre	Chair of organisation
	1,069	850	–	Creative Lives Charity Limited	Chair of organisation
	484	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch	217	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	413	25	–	Artcore	Freelands Foundation Organisation
	60	69	–	Arts Council of Wales	Freelands Foundation Organisation
	3,038	253	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	1	–	–	Bath Spa University	Freelands Foundation Organisation
	150	150	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	937	–	–	Camden Arts Centre	Freelands Foundation Organisation
	81	–	–	Counterpoints Arts	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Freelands Foundation Organisation
	814	300	–	Donmar Warehouse Projects Ltd	Board Member
	2,354	196	69	English Stage Company Limited	Freelands Foundation Organisation
	1,526	697	–	Firstsite Ltd	Freelands Foundation Organisation
	190	–	–	Focal Point Gallery	Freelands Foundation Organisation
	102	–	–	Hastings Contemporary	Freelands Foundation Organisation
	62	6	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation
	1,030	1	–	Ikon Gallery	Freelands Foundation Organisation
	233	–	–	Institute of International Visual Arts	Freelands Foundation Organisation
	613	–	–	John Hansard Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	296	–	–	Kettle's Yard	Freelands Foundation Organisation
	1,619	1,571	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	10	–	3	Manchester Metropolitan University	Freelands Foundation Organisation
	390	–	–	MK Gallery	Freelands Foundation Organisation
	909	–	–	Modern Art Oxford	Freelands Foundation Organisation
	16	1	–	National Art Collections Fund	Freelands Foundation Organisation
	–	46	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	869	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	111	93	–	Nottingham Trent University	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	41	–	Primary	Freelands Foundation Organisation
	46	307	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	342	13	–	Serendipity	Freelands Foundation Organisation
	815	–	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	51	–	–	Tannery Arts Limited	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	923	–	–	The Hepworth Wakefield	Freelands Foundation Organisation
	233	233	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	871	505	–	Towner Art Gallery & Museum	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	290	–	–	Triangle Arts Trust	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	241	42	–	University of the Arts London	Freelands Foundation Organisation
	465	–	–	Wysing Arts Centre	Freelands Foundation Organisation
	1,511	111	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,301	–	–	Wiltshire Creative	Board Member
Jamie Njoku-Goodwin	1,429	–	–	Britten Pears Arts	Trustee
	12,608	–	–	English National Opera	Advisory Board Member
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	2,080	173	–	London Philharmonic Orchestra	Board Director
Kate Willard	–	–	542,596	Department for Culture, Media and Sport	Board Member
Paul Roberts OBE	44	-	–	Department for Education	Group member
	–	56	–	Durham University	Commisioner
	1,024	–	–	Nottingham Contemporary	Board Member
	718	213	–	Nottingham Music Service	Board Member
Professor Roni Brown	244	–	–	Cement Fields	Affiliated through employer
	1,827	–	–	Contemporary Dance Trust	Affiliated through employer
	–	4	–	Farnham Maltings Association Ltd	Family member is Director
	233	–	–	Institute of International Visual Arts	Affiliated through employer
	682	–	–	Turner Contemporary	Affiliated through employer
	241	42	–	University of the Arts London	Employee
	175	175	–	Whitstable Community Museum and Gallery	Affiliated through employer

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sukhy Johal MBE	20	2	–	The University of Lincoln	Employee
	82	–	–	Threshold Studios	Family member is employee
YolanDa Brown OBE	1	–	–	BPI (British Recorded Music Industry) Limited	Chair of organisation
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	2,080	173	–	London Philharmonic Orchestra	Advisory Board Member
	20,177	1,591	–	Southbank Centre	Advisory Board Member
	31	3	–	The National Foundation for Youth Music	Chair of organisation

27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	177	5	British Youth Music Theatre	Family member is artist/ practitioner
	–	78	University of Leeds	Advisor
	25	3	Creative Industries Federation	Advisor
	10	–	Manchester Metropolitan University	Financial donor
Emmie Kell	565	10	South West Museum Development	Partner Organisation
Michelle Walker	232	–	Southwark Council Arts Service	Employee
Navees Rahman	244	36	National Justice Museum	Co-opted member of Finance and Audit Committee
Peter Knott	1,949	–	Leicester Theatre Trust Ltd	Partner is a freelancer
Ruth Alaile	–	1	Yinka Danmole	Family Member
Simon Mellor OBE	25	3	Bath Spa University	Partner is employee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	72	–	British Youth Music Theatre	Family member is artist/ practitioner
	788	788	University of Leeds	Advisor
	11	–	Creative Industries Federation	Advisor until Sep/21
	10	–	Manchester Metropolitan University	Financial donor
Francis Runacres MBE	45	26	Outset Contemporary Art Fund	Board Member until Feb/19
Mags Patten	157	120	National Academy for Social Prescribing	Advisory group role until Jan/20
	19	4	University of Bath	Student at University
Navees Rahman	244	36	National Justice Museum	Co-opted member of Finance and Audit Committee until Feb/23
Richard Russell	–	6	Awards for Young Musicians	Donor/Lender
Simon Mellor OBE	1	–	Bath Spa University	Partner is employee

The declared interests of National Council members and Executive Board are available at the following link:

https://www.artscouncil.org.uk/our-organisation/national-council

The Remuneration Report (page 76) contains details of payments made to key personnel.

27c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport (DCMS) is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2024 £000s	**DEBTOR 31 MARCH 2024 £000s**	CREDITOR 31 MARCH 2023 £000s	DEBTOR 31 MARCH 2023 £000s
Balances with other DCMS Government bodies	**1,150**	**30**	3,719	1,432
Balances with other central Government bodies	**661**	**9**	25	143
Balances with academies	**79**	**30**	–	92
Balances with local authorities	**89,382**	**7**	72,744	–
Balances with NHS Trusts	**3**	**–**	10	–
Balances with public corporations and trading funds	**71**	**–**	46	–

During 2023/24, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE Y/E 31 MARCH 2024 £000s	**INCOME Y/E 31 MARCH 2024 £000s**	EXPENDITURE Y/E 31 MARCH 2023 £000s	INCOME Y/E 31 MARCH 2023 £000s
Transactions with other DCMS Government bodies	**6,465**	**548,678**	2,375	540,396
Transactions with other central Government bodies	**8,959**	**889**	5,012	640
Transactions with academies	**419**	**194**	384	89
Transactions with local authorities	**105,332**	**36**	99,256	46
Transactions with NHS Trusts	**1**	**–**	–	–
Transactions with public corporations and trading funds	**35**	**5**	–	–

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting treatments, there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported surplus of £1,091,000 but our overall DEL underspend for the year was £446,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2024
Overspend/(Underspend as per SOFA)	(1,091)
EXCLUDE NON-DEL TRANSACTIONS	
FRS102 (Deficit)/Surplus	–
Gain on investments	(42)
Depreciation	(300)
Capital expenditure	459
Provisions adjustments	506
Legacy income	21
Donations	–
Legacy expenditure	–
DEL Underspend (excluding Depreciation)	(447)
REPRESENTED BY :	
RDEL underspend	(416)
CDEL underspend	(31)
	(447)

29. CONTINGENT LIABILITIES

As at 31 March 2024 one Employment tribunal case had been lodged against Arts Council England, which is yet to go to a full hearing. At this stage, Arts Council England believe that the case will be defended successfully and therefore no provision has been made in the Accounts.

30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

31 RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODIES

31A VICTORIA & ALBERT MUSEUM

The Victoria & Albert Museum is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	750	–
Grant commitment in the year	–	750
Grant payments in the year	(600)	–
Closing grant creditor balance as at 31 March	**150**	**750**

31B BRITISH LIBRARY

The British Library is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	2,612	3,400
Grant commitment in the year	–	–
Grant payments in the year	(2,272)	(788)
Closing grant creditor balance as at 31 March	**340**	**2,612**

32C AWARDS FOR YOUNG MUSICIANS

Awards for Young Musicians is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	348	–
Grant payments in the year	(348)	–
Closing grant creditor balance as at 31 March	**–**	**–**

31D FILM LONDON

Film London is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	328	–
Grant payments in the year	(328)	–
Closing grant creditor balance as at 31 March	**–**	**–**

31E OLDHAM BOROUGH COUNCIL

Oldham Borough Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	615	–
Grant payments in the year	(461)	–
Closing grant creditor balance as at 31 March	**154**	**–**

31F LEICESTERSHIRE COUNTY COUNCIL

Leicestershire County Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	60	–
Grant commitment in the year	–	60
Grant payments in the year	(54)	–
Closing grant creditor balance as at 31 March	**6**	**60**

31G THE BARING FOUNDATION

The Baring Foundation is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	20	–
Grant payments in the year	(18)	–
Closing grant creditor balance as at 31 March	**2**	**–**

31H THE NATIONAL ACADEMY FOR SOCIAL PRESCRIBING

The National Academy for Social Prescribing is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	250	–
Grant payments in the year	(30)	–
Closing grant creditor balance as at 31 March	**220**	**–**

32 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s
INCOME AND ENDOWMENTS FROM:								
Donations and legacies	**390,336**	**157,871**	**–**	**548,207**	380,334	159,902	–	540,236
Investments	**–**	**–**	**21**	**21**	–	–	15	15
Charitable activities	**1,086**	**1,072**	**–**	**2,158**	750	1,908	–	2,658
Other: Lottery distribution accounts	**18,764**	**–**	**–**	**18,764**	18,859	–	–	18,859
Total income and endowments	**410,186**	**158,943**	**21**	**569,150**	399,943	161,810	15	561,768
EXPENDITURE ON:								
Charitable activities (including Governance costs)	**389,865**	**158,625**	**–**	**548,490**	380,340	162,108	–	542,448
Other: Support costs attributable to Lottery distributions accounts	**18,764**	**–**	**–**	**18,764**	18,859	–	–	18,859
Total expenditure	**408,629**	**158,625**	**–**	**567,254**	399,199	162,108	**–**	561,307
Net gains/(losses) on investments	–	–	(42)	(42)	–	–	16	16
Total income/ (expenditure) before exceptional items	**1,557**	**318**	**(21)**	**1,854**	744	(298)	**31**	477
EXCEPTIONAL ITEMS								
Cost of fundamental reorganisation	**–**	**–**	**–**	**–**	–	–	–	–
Net income/ (expenditure)	**1,557**	**318**	**(21)**	**1,854**	744	(298)	31	477
TRANSFERS								
Gross transfers between funds	**–**	**–**	**–**	**–**	–	–	–	–
Total income/ (expenditure) before other recognised gains and losses	**1,557**	**318**	**(21)**	**1,854**	744	(298)	31	477
OTHER RECOGNISED GAINS/LOSSES								
Actuarial gains/(losses) on defined benefit pension schemes	**(763)**	**–**	**–**	**(763)**	(571)	–	–	(571)
Net movement in funds	**794**	**318**	**(21)**	**1,091**	173	(298)	31	(94)
RECONCILIATION OF FUNDS:								
Balance brought forward at 1 April	**13,281**	**714**	**778**	**14,773**	13,108	1,012	747	14,867
Total funds carried forward at 31 March	**14,075**	**1,032**	**757**	**15,864**	13,281	714	778	14,773

33 BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2024 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2023 £000s
FIXED ASSETS:								
Tangible assets	**3,155**	**–**	**–**	**3,155**	3,276	–	–	3,276
Heritage assets – Works of Art	**9,339**	**–**	**–**	**9,339**	9,058	–	–	9,058
Investments	**–**	**–**	**757**	**757**	–	–	778	778
Total fixed assets	**12,494**	**–**	**757**	**13,251**	12,334	–	778	13,112
CURRENT ASSETS								
Debtors	**–**	**174,218**	**–**	**174,218**	–	121,237	–	121,237
Due from Arts Council Lottery accounts	**4,139**	**–**	**–**	**4,139**	5,195	–	–	5,195
Grants paid in advance	**4,652**	**101**	**–**	**4,753**	–	–	–	–
Cash and cash equivalents	20,522	12,251	**–**	32,773	37,065	21,047	–	58,112
Total current assets	**29,313**	**186,570**	**–**	**215,883**	42,260	142,284	–	184,544
LIABILITIES								
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR								
Grants outstanding	**21,130**	**183,777**	**–**	**204,907**	33,897	141,201	–	175,098
Due to Arts Council Lottery accounts	**–**	**–**	**–**	**–**	–	–	–	–
Creditors	**5,502**	**1,761**	**–**	**7,263**	5,230	369	–	5,599
Total creditors: amounts falling due within one year	**26,632**	**185,538**	**–**	**212,170**	39,127	141,570	–	180,697
Net current assets	**2,681**	**1,032**	**–**	**3,713**	3,133	714	–	3,847
Total assets less current liabilities	**15,175**	**1,032**	**757**	**16,964**	15,467	714	778	16,959
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
Provisions for liabilities and charges	**1,100**	**–**	**–**	**1,100**	2,186	–	–	2,186
Net assets excluding pension liability	**14,075**	**1,032**	**757**	**15,864**	13,281	714	778	14,773
Defined benefit pension scheme liability	**–**	**–**	**–**	**–**	–	–	–	–
Net assets including pension liability	**14,075**	**1,032**	**757**	**15,864**	13,281	714	778	14,773
THE FUNDS OF THE CHARITY:								
REPRESENTED BY INCOME FUNDS								
Unrestricted fund	**1,581**	**–**	**–**	**1,581**	947	–	–	947
Restricted fund	**–**	**1,032**	**–**	**1,032**	–	714	–	714
REPRESENTED BY CAPITAL FUNDS								
Endowment funds	**–**	**–**	**757**	**757**	–	–	778	778
Designated fund	**9,339**	**–**	**–**	**9,339**	9,058	–	–	9,058
Donated asset reserve	**–**	**–**	**–**	**–**	–	–	–	–
Capital reserve	**3,155**	**–**	**–**	**3,155**	3,276	–	–	3,276
Pension reserve	**–**	**–**	**–**	**–**	14,469	–	–	14,469
Total charity funds	**14,075**	**1,032**	**757**	**15,864**	13,281	714	778	14,773

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

34. FUNDS HELD AS AGENT

The Culture Recovery Fund – Repayable Finance programme was designed to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but, due to the pandemic, were at clear risk of no longer trading viably by 31 March 2021 and had exhausted all other options for increasing their resilience. This is a DCMS Scheme which is being administered by Arts Council England who are acting as Agents on behalf of DCMS.

During 2023/24 transactions relating to the CRF-RF scheme were as follows;

	£000s
Amounts outstanding from CRF-RF loan recipients as at 1st April 2023	265,923
Interest and other charges during 2023-24	13,287
Repayments received during 2023-24	(4,250)
Amounts repaid back to DCMS during 2023-24	5,775
Amounts outstanding from CRF-RF loan recipients as at 31st March 2024	**274,960**

09.

Lottery distribution accounts

WORKSHOP

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Arts Council England Lottery Distribution Account for the year ended 31 March 2024 under the National Lottery etc Act 1993.

The financial statements comprise the Arts Council England Lottery Distribution Account's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England Lottery Distribution Account's affairs as at 31 March 2024 and its total comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Arts Council England Lottery Distribution Account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England Lottery Distribution Account's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England Lottery Distribution Account's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Chief Executive with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Arts Council England Lottery Distribution Account is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report, but does not include the financial statements and my auditor's certificate thereon. The Trustees and Chief Executive is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England Lottery Distribution Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Arts Council England Lottery Distribution Account or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees and Chief Executive's Responsibilities, the National Council and Chief Executive are responsible for:

- maintaining proper accounting records.
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Arts Council England Lottery Distribution Account from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the National Lottery etc Act 1993;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the National Lottery etc Act 1993; and
- assessing the Arts Council England Lottery Distribution Account's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Chief Executive anticipates that the services provided by the Arts Council England Lottery Distribution Account will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England Lottery Distribution Account's accounting policies.
- inquired of management, Arts Council England Lottery Distribution Account's head of internal audit] and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England Lottery Distribution Account's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England Lottery Distribution Account's controls relating to the Arts Council England Lottery Distribution Account's compliance with the National Lottery etc Act 1993 and Managing Public Money;
- inquired of management, Arts Council England Lottery Distribution Account's head of internal audit] and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;

- they had knowledge of any actual, suspected, or alleged fraud;

— discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England Lottery Distribution Account for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and regularity of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Arts Council England Lottery Distribution Account's framework of authority and other legal and regulatory frameworks in which the Arts Council England Lottery Distribution Account operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England Lottery Distribution Account. The key laws and regulations I considered in this context included the National Lottery etc Act 1993, and Managing Public Money

I considered the controls in place at the Arts Council England to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

— I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;

— in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

— I tested a sample of grant expenditure to gain assurance that grants had been spent on intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies
Comptroller and Auditor General

24TH JULY 2024

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	31 MARCH 2024 £000	31 MARCH 2023 £000
INCOME			
Share of proceeds from the National Lottery Distribution Fund	2	**240,513**	246,755
Investment returns on the Distribution Fund	2	**11,719**	4,952
		252,232	251,707
Other income	3	**448**	1,095
Total income		**252,680**	252,802
EXPENDITURE			
Grant expenditure:			
Grant commitments made in the year		**191,522**	428,375
Less: lapsed and revoked commitments		**(3,651)**	(1,121)
Net grant commitments	10	**187,871**	427,254
Other expenditure:			
Other operating costs		**32**	–
Invoiced Arts expenditure		**1,132**	1,069
Costs apportioned from Grant-in-Aid accounts	6	**18,764**	18,859
Total expenditure		**207,799**	447,182
Total comprehensive expenditure for the year ended 31 March		**44,881**	(194,380)

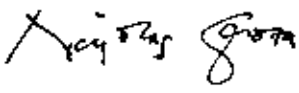
ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.
THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	NOTE	31 MARCH 2024 £000s	31 MARCH 2023 £000s
CURRENT ASSETS			
Trade and other receivables	9	**11**	9
Investments: balance in the National Lottery Distribution Fund	2	**174,424**	210,799
Cash and cash equivalents	14	**1,050**	962
Total current assets		**175,485**	211,770
CURRENT LIABILITIES			
Grant liabilities due within one year	10	**203,034**	191,274
Trade and other payables	11	**83**	108
Due to Grant-in-Aid accounts	19e	**4,139**	5,195
Total current liabilities		**207,256**	196,577
Net current (liabilities)/assets		**(31,771)**	15,193
NON-CURRENT LIABILITIES			
Grant liabilities due in more than one year	10	**136,439**	228,282
Net Liabilities		**(168,210)**	(213,089)
EQUITY			
General reserve		**(168,210)**	(213,089)
		(168,210)	(213,089)

THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
24 JULY 2024



Sir Nicholas Serota CH
Chair
24 JULY 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	2023/24 £000s	2022/23 £000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Funds received from the National Lottery Distribution Fund	2	**288,606**	234,678
Other cash receipts		**446**	1,240
Grants paid	10	**(267,954)**	(224,521)
Cash paid to Grant-in-Aid accounts		**(19,820)**	(20,993)
Other cash payments		**(1,190)**	(1,134)
Net cash inflow/(outflow) from operating activities	12	**88**	(10,730)
Net increase/(decrease) in cash and cash equivalents	13/14	**88**	(10,730)
Cash and cash equivalents at beginning of period		**962**	11,692
Cash and cash equivalents at end of period		**1,050**	962

THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	GENERAL RESERVE 2023/24 £000s	FAIR VALUE RESERVE 2023/24 £000s	TOTAL RESERVES 2023/24 £000s	TOTAL RESERVES 2022/23 £000s
Closing reserve position 31 March 2023	**(213,090)**	**–**	**(213,090)**	(18,710)
Transferred (to)/from the statement of comprehensive net expenditure	**44,881**	**–**	**44,881**	(194,380)
Closing reserve position 31 March 2024	**(168,209)**	**–**	**(168,209)**	(213,090)

THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS.

NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

1. ACCOUNTING POLICIES

1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Arts Council England continues to adopt the going concern concept in the preparation of the Lottery accounts. Grant commitments for future years have been entered into after taking account of income projections provided by the Gambling Commission. Arts Council England assumes that the Lottery will continue to operate and the transfer of operations from Camelot to Allwyn will have no material impact on Lottery income.

Last year the Statement of Financial Position showed a deficit of £213 million. This year the position has moved to a deficit of £168 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments are shown in the accounts in the year when the commitment is made. In 2022/23 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2022/23 of £428 million, for activity and payments which will take place over the period 2022-26. The deficit showing at the end of 2023/24 will gradually reduce over the next two years as we make payments against the grants that were committed in 2022/23.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Income from the National Lottery is recognised in the Accounts when information is provided to Arts Council England by the National Lottery Distribution Fund. Grant commitments are recognised as expenditure in the Accounts when the offer is made to the grant applicants. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year. Other expenditure is recognised in the Accounts when goods and services have been received or when there is a contractual obligation to pay.

1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. TAXATION

Arts Council England is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Although the Lottery Accounts are prepared under IFRS rather than Charities SORP, Arts Council England is a registered Charity (Reg: 1036733) and therefore exempt from taxation.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there's no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with Charities SORP (FRS102).

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto-enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment.

There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

2. NATIONAL LOTTERY DISTRIBUTION FUND

	2023/24 £000s	2022/23 £000s
Balance at 1 April	**210,799**	193,770
Share of proceeds from the National Lottery Distribution Fund	**240,513**	246,755
Investment returns on the Distribution Fund	**11,719**	4,952
Cash drawn down	**(288,606)**	(234,678)
Balance at 31 March	**174,424**	210,799

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2024 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2023/24 £000s	2022/23 £000s
Public Corporations	**–**	800
Sundry	**448**	295
	448	1,095

Grants, sponsorship and donations are analysed as follows:

	2023/24 £000s	2022/23 £000s
PUBLIC CORPORATIONS		
Nesta Arts & Culture LLP	**–**	800
SUNDRY		
Freelands Foundation	**324**	216
PUBLIC CORPORATIONS		
Other grants, sponsorship and donations	**124**	79
	448	1,095

4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. PENSIONS

Arts Council England are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2023/24 £000s	2022/23 £000s
Staff costs	**14,818**	14,453
Indirect staff costs	**(59)**	62
Premises	**1,030**	1,019
Supplies and services	**1,442**	1,975
Travel & Subsistence	**379**	251
Professional Fees	**734**	496
Central Costs	**169**	147
Other Recharges – contribution to Capital	**250**	457
	18,764	18,860
Corporate governance costs included above	**1,500**	1,242

7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2023/24 £000s	2022/23 £000s
Stated after charging:		
(a) Auditors' remuneration	**69**	65
(b) Staff travel, subsistence and hospitality	**379**	251

The fee for the statutory audit in 2023/24 is £69,000 (2022/23: £65,000). There were no fees payable to the auditors for non-audit services.

8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. RECEIVABLES

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Other receivables	**11**	9
	11	9

10. GRANT COMMITMENTS

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Grant liabilities brought forward	**419,556**	216,823
Grant commitments made	**191,522**	428,375
Less: lapsed and revoked commitments	**(3,651)**	(1,121)
Grant liabilities paid	**(267,954)**	(224,521)
Balance of grant liabilities outstanding carried forward	**339,472**	419,556

AGEING OF GRANT LIABILITIES:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
2022/23	**N/A**	191,274
2023/24	**203,034**	121,026
2024/25	**131,708**	106,852
2025/26	**4,530**	404
2026/27	**200**	–
	339,472	419,556

11. CURRENT LIABILITIES

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Trade payables	**70**	95
Other payables	**13**	13
	83	108

12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2023/24 £000s	2022/23 £000s
Operating surplus	**44,881**	(194,380)
Decrease in receivables and prepayments	**36,373**	(16,884)
Decrease in payables	**(81,165)**	200,535
Net cash inflow/(outflow)	**88**	(10,729)

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2023/24 £000s	2022/23 £000s
Increase/(decrease) in cash and cash equivalents in the year	**88**	(10,729)
Funds at 1 April	**962**	11,691
Funds at 31 March	**1,050**	962

14. CASH AND CASH EQUIVALENTS

	1 APRIL 2023 £000s	CASH FLOW £000s	31 MARCH 2024 £000s
Cash at bank and cash equivalents	962	88	**1,050**
	962	88	**1,050**

15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2024 (31 March 2023: £nil).

16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2024 (31 March 2023: £nil).

17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	**28,953**	9,651
Grant commitment in the year	**–**	28,953
Grant payments in the year	**(9,651)**	(9,651)
Closing grant creditor balance as at 31 March	**19,302**	28,953

18b. VICTORIA & ALBERT MUSEUM (V&A)

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	**188**	1,050
Grant commitment in the year	**1,500**	–
Grant payments in the year	**(188)**	(862)
Closing grant creditor balance as at 31 March	**1,500**	188

18c. UNIVERSITY OF THE ARTS LONDON

The University of the Arts London (trading as Artsquest) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	**382**	–
Grant commitment in the year	**–**	382
Grant payments in the year	**(127)**	–
Closing grant creditor balance as at 31 March	**255**	**382**

18d. CREATIVE KERNOW LTD

Creative Kernow Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 01 April	**650**	–
Grant commitment in the year	**–**	650
Grant payments in the year	**(217)**	–
Closing grant creditor balance as at 31 March	**433**	**650**

18e. CAUSE4 LTD

Cause4 Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	1,528	–
Grant commitment in the year	–	1,528
Grant payments in the year	(509)	–
Closing grant creditor balance as at 31 March	**1,019**	**1,528**

19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2023 the fund balance was £211 million. This had decreased to £174 million by 31 March 2024, at which point there were £339 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. LIQUIDITY RISK

In 2023/24, 99.82% of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(168,209)

We are not exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £203 million over the next financial year.

LIQUID ASSETS AS AT 31 MARCH 2024:	£000s
Market value of National Lottery Distribution Fund investments	174,424
Cash and cash equivalents	1,050

19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £174,424,124.

In the year, the average return on these investments was 5.16 per cent (2022/23: 2.32 per cent).

	FUND BALANCE £000s	INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2023/24	174,424	11,719	5.16%	4.64%
2022/23	210,799	4,952	2.32%	1.96%
2021/22	193,770	357	0.19%	0.14%
2020/21	210,563	148	0.10%	0.06%
2019/20	256,637	1,199	0.72%	0.48%
2018/19	282,630	1,144	0.67%	0.51%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £1,050,126.

19c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

19d. FINANCIAL ASSETS BY CATEGORY

	2023/2024 £000s	2022/2023 £000s
RECEIVABLES DUE WITHIN ONE YEAR		
Other receivables	**11**	9
	11	9
INVESTMENTS		
National Lottery Distribution Fund	**174,424**	210,799
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**1,050**	962
Total financial assets	**175,485**	211,770

19e. FINANCIAL LIABILITIES BY CATEGORY

	2023/2024 £000s	2022/2023 £000s
Trade payables	**70**	95
Other payables	**13**	13
Due to Arts Council Grant-in-Aid accounts	**4,139**	5,195
Grant payables falling due within one year	**203,034**	191,274
Grant payables falling due over one year	**136,439**	228,282
Total financial liabilities	**343,694**	424,859

Included within the financial liabilities are amounts such as grants outstanding and deferred income.

20. RELATED PARTIES

20a. COUNCIL MEMBERS

We maintain publicly available registers in which Council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	–	324	Freelands Foundation	Board Member
	25	3	–	Ligeti Quartet	Family member is Manager
	–	27	–	Tate Gallery	Curator
	–	3	–	Yorkshire Youth & Music	Family member is Employee
Andrew Miller MBE	5,000	3,697	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	1,538	–	Graeae Theatre Company Ltd	Advisor/Consultant
	250	25	–	Leeds 2023	Advisor/Consultant
	–	769	–	Royal Shakespeare Company	Trustee and Governor
	791	395	–	Screen South	Consultant
	–	205	–	Tête à Tête	Advisor/Consultant
	–	2,870	–	The Space	Advisor/Consultant
	3,250	1,788	–	Welsh National Opera	Trustee
Annabel Turpin	–	320	–	Future Arts Centres	Executive Director of organisation
	1,196	603	–	Sunderland Culture	Board Member
	–	456	–	UK Storyhouse Ltd	Executive Director of organisation
	29	29	–	Oldham Council	Partner is employee
David Bryan CBE	–	225	–	Battersea Arts Centre	Chair of organisation
	–	338	–	Creative Lives Charity Limited	Chair of organisation
Elisabeth Murdoch	–	433	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair, funds this organisation.
	–	326	–	Artcore	Freelands Foundation Organisation
	29	452	–	Bath Spa University	Freelands Foundation Organisation
	–	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	624	355	–	Camden Arts Centre	Freelands Foundation Organisation
	–	496	–	Contains Art CIO	Freelands Foundation Organisation
	–	213	–	Counterpoints Arts	Freelands Foundation Organisation
	–	102	–	Drawing Room	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	–	1,664	–	Firstsite Ltd	Freelands Foundation Organisation
	–	204	–	Hastings Contemporary	Freelands Foundation Organisation
	–	–	324	Freelands Foundation	Founder and Chair
	141	1,880	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	25	–	Manchester Metropolitan University	Freelands Foundation Organisation
	–	1,818	–	Modern Art Oxford	Freelands Foundation Organisation
	–	89	–	National Art Collections Fund	Freelands Foundation Organisation
	450	650	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	–	855	–	Serendipity	Freelands Foundation Organisation
	–	1,629	–	Sheffield Museums Trust	Freelands Foundation Organisation
	–	740	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	–	8	–	Studio Voltaire	Freelands Foundation Organisation
	–	27	–	Tate Gallery	Freelands Foundation Organisation
	–	1,846	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	95	66	–	The Line	Freelands Foundation Organisation
	443	294	–	Tyne & Wear Archives & Museums	Freelands Foundation Organisation
	–	255	–	University of the Arts London (trading as Artquest)	Freelands Foundation Organisation
	30	30	–	University of Wolverhampton	Freelands Foundation Organisation
	199	174	–	Whitechapel Gallery	Freelands Foundation Organisation
	30	16	–	Whitworth Art Gallery	Freelands Foundation Organisation
	–	935	–	Wysing Arts Centre	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Paul Roberts OBE	–	7	–	Nottingham Trent University	Steering Group Member
Sally Shaw MBE	–	1,664	–	Firstsite Ltd	Executive Director
Sukhy Johal MBE	481	225	–	Create North East Lincolnshire	Chair
	–	2	–	Lincolnshire Music Service	Advisory Board Member
	–	368	–	The University of Lincoln	Employee
William Bush CBE	–	15	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	183	72	–	London Philharmonic Orchestra	Advisory Board Member
	–	1,600	–	Glyndebourne Productions Ltd	Other: LPO is Resident Orchestra
	–	35	–	Southbank Centre	Advisory Board Member
	–	19,302	–	The National Foundation for Youth Music	Chair

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	135	–	Tate Gallery	Curator
	30	3	–	Tate Liverpool	Curator
	30	3	–	Yorkshire Youth & Music	Family Member is employee
Andrew Miller MBE	700	490	–	Coventry City of Culture Trust	Advisor/Consultant
	2,307	2,307	–	Graeae Theatre Company Ltd	Advisor/Consultant
	–	5	–	Independent Cinema Office	Advisor/Consultant
	1,281	1,281	–	Royal Shakespeare Company	Trustee and Governor
	–	334	–	Shape Arts	Advisor/Consultant
	307	307	–	Tete a Tete	Advisor/Consultant
	446	446	–	The Audience Agency	Advisor/Consultant
	–	50	–	The Clore Leadership Programme	Advisor/Consultant
	4,000	4,587	–	The Space	Board Member and Advisor/Consultant
David Bryan CBE	–	225	–	Battersea Arts Centre	Chair of organisation
	507	507	–	Creative Lives Charity Limited	Chair of organisation
Elisabeth Murdoch	650	650	–	a-n The Artists Information Company	Freelands Foundation Organisation
	489	489	–	Artcore	Freelands Foundation Organisation
	603	603	–	Bath Spa University	Freelands Foundation Organisation
	45	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	84	84	–	Camden Arts Centre	Freelands Foundation Organisation
	319	319	–	Counterpoints Arts	Freelands Foundation Organisation
	2,489	2,538	–	Firstsite Ltd	Freelands Foundation Organisation
	–	5	–	Focal Point Gallery	Freelands Foundation Organisation
	–	–	216	Freelands Foundation Organisation	Founder and Chair

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	306	306	–	Hastings Contemporary	Freelands Foundation Organisation
	2,739	2,739	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,838	1,988	–	John Hansard Gallery	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	6	–	MAIA	Freelands Foundation Organisation
	50	50	–	Manchester Metropolitan University	Freelands Foundation Organisation
	2,726	2,726	–	Modern Art Oxford	Freelands Foundation Organisation
	890	890	–	National Art Collections Fund	Freelands Foundation Organisation
	–	4	–	Primary	Freelands Foundation Organisation
	300	300	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	1,283	1,296	–	Serendipity	Freelands Foundation Organisation
	2,444	2,444	–	Sheffield Museums Trust	Freelands Foundation Organisation
	855	1,435	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	154	154	–	Tannery Arts Limited	Freelands Foundation Organisation
	–	135	–	Tate Gallery	Freelands Foundation Organisation
	30	3	–	Tate Liverpool	Freelands Foundation Organisation
	25	25	–	The African Centre	Freelands Foundation Organisation
	2,768	2,768	–	The Hepworth Wakefield	Freelands Foundation Organisation
	–	40	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	382	532	–	University of the Arts London	Freelands Foundation Organisation
	–	12	–	Whitworth Art Gallery	Freelands Foundation Organisation
	1,396	1,401	–	Wysing Arts Centre	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Helen Birchenough	–	50	–	Wiltshire Creative	Board member
Jamie Njoku-Goodwin	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	–	8	–	Music Managers Forum Ltd	This organisation is a member of UK Music and the CEO sits on their board. Jamie is the CEO of UK Music.
Professor Roni Brown	450	450	–	Contemporary Dance Trust	Affiliated through employer
	–	3	–	Creative Foundation	Affiliated through employer
	2,584	2,584	–	Farnham Maltings Association Ltd	Family member is Director
	–	20	–	Institute of International Visual Arts	Affiliated through employer
	382	532	–	University of the Arts London	Employee
Sukhy Johal MBE	–	15	–	Lincoln Arts Trust Limited	Core LOV. The University of Lincoln acts as the accountable body for Lincoln One Venues (activity across 7 venues in total). The dedicated team report to Sukhy, who signs applications for funds. They also fund the LOV network as part of their NPO agreement, including Drill Hall.
	–	564	–	The University of Lincoln	Employee
William Bush CBE	154	154	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	–	15	–	PRS for Music Foundation	Board Member
	–	35	–	Southbank Centre	Advisory Board Member
	28,953	28,953	–	The National Foundation for Youth Music	Chair of organisation

20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	–	25	Manchester Metropolitan University	Financial donor
Michelle Walker	16	–	Wandsworth Council	Employee
Simon Mellor OBE	29	452	Bath Spa University	Partner is an employee
	–	272	The Warren Youth Project	Family relationship with employees

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	50	50	Manchester Metropolitan University	Financial donor
Mags Patten	603	603	Bath Spa University	Student at University
	–	50	The Clore Leadership Programme	Advisory group role until Sep/19
Simon Mellor OBE	603	603	Bath Spa University	Partner is employee

The declared interests of National Council members and Executive Board are available at the following link:

https://www.artscouncil.org.uk/our-organisation/national-council

The Remuneration Report (page 76) contains details of payments made to key personnel.

20c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2024 £000s	**RECEIVABLES 31 MARCH 2024 £000s**	PAYABLES 31 MARCH 2023 £000s	RECEIVABLES 31 MARCH 2023 £000s
Balances with other DCMS Government bodies	**1,861**	**–**	1,156	–
Balances with other central Government bodies	**10**	**–**	29	–
Balances with academies	**2,041**	**–**	3,265	–
Balances with local authorities	**22,426**	**–**	21,884	–
Balances with NHS Trusts	**832**	**–**	1,445	–
Balances with public corporations and trading funds	**–**	**–**	–	–

	EXPENDITURE 31 MARCH 2024 £000s	**INCOME 31 MARCH 2024 £000s**	**EXPENDITURE 31 MARCH 2023 £000s**	**INCOME 31 MARCH 2023 £000s**
Transactions with other DCMS Government bodies	**1,516**	**–**	1,195	11
Transactions with other central Government bodies	**–**	**–**	38	–
Transactions with academies	**86**	**-**	2,850	–
Transactions with local authorities	**14,625**	**–**	18,951	2
Transactions with NHS Trusts	**68**	**1**	294	–
Transactions with public corporations and trading funds	**–**	**–**	–	800

21. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

Arts Council England did not have any contingent liabilities as at 31 March 2024.

22. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

23. LOSSES AND SPECIAL PAYMENTS

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. The number and value of losses during 2023/24 were as follows:

	2023/2024 £000s	2022/2023 £000s
Total value of losses	**32**	–
Total number of losses	**1**	–

10.

National Lottery report

As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.

POLICY DIRECTIONS

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

a) The need to involve the public and local communities in making policies, setting priorities and distributing money

Our 10-year Strategy for the arts, libraries and museums, *Let's Create*, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

b) Its assessment of the needs of the arts and culture and its priorities for addressing them

Let's Create sets out our commitment to our mission and our three outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our delivery plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England

In 2023/24, Arts Council England awarded Bradford Culture Company Limited (BCC) a significant grant of £5,000,000 to lead, commission and coordinate a world-class programme of arts and cultural activity as part of Bradford UK City of Culture 2025. This investment is focused on developing new partnerships and encouraging ambition, innovation and inspiration in the UK City of Culture programme, building on local strengths and assets in Bradford, driving investment and innovation in the area, and crucially, drawing on the inclusivity and relevance Investment Principle to deliver a project that brings the arts and culture into the lives of people from across the city, the district, and the wider UK.

From the hills to the mills, from the waterways to cycle ways, and the parks to the city centre, BCC plan 1,000 new performances and events, 365 artist commissions, 100 community-led arts projects, 52 artists in residence, 24 festivals, 15 major national and international collaborations. BCC recognise that the UK City of Culture programme is a once in a lifetime moment to fully realise the opportunity of the district's diversity, and to embed people's heritage and lived experience in governance, leadership, programming and production.

They will take a proactive and determined approach to driving equity, inclusion and relevance and ensuring that the project's governance, workforce and volunteers represent

the richness of Bradford. With more than 170 languages and many different cultures in the Bradford district, the programme will address a wide range of barriers to cultural access from the outset. Through co-creation and co-production of the programme with underserved communities they will centre relevance to drive ownership and engagement of the programme, creating a radically different and much broader definition of culture.

The foundations being laid now aim to bring about: a generational shift in cultural opportunity for all, especially children and young people; a redefinition of what culture means to people that provides a new, year-round cultural offer across the Bradford district; reduced barriers to creative participation that increases engagement with creativity, arts, culture and heritage; and community-based engagement, supporting people's health and wellbeing and addressing inequality of opportunity.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

In 2023/24, the Saturday Club Trust (SCT) were awarded £503,500 through the Nationally Significant Projects strand of National Lottery Project Grants to undertake significant expansion to the national network of Saturday Clubs. This three-year expansion project (2023-26) will enable the SCT to add a further 74 new Clubs to the existing 94, delivering opportunities for a further 5,000 young people to study a range of creative subjects for free, where they live. This activity increases confidence, develops skills and influences those young people's future creative plans. Of the new Clubs, 43% will be in Priority Places, and 60% in Levelling Up for Culture places. The Clubs' target is that 81% of young participants they reach will be from backgrounds that are currently underrepresented in the cultural sector.

The National Saturday Clubs programme places young people at the heart of its holistic approach to extra-curricular learning, with an aim to inspire and spark their imagination. Each Club provides a safe and welcoming space where young people can explore new ideas, make friends and develop as individuals, without the pressure of exams.

Participating young people will undertake high-quality creative, weekly classes, guided by expert tutors from the higher education, further education and cultural partner institutions. Weekly Saturday classes are augmented by a programme of national events, including visits to museums, galleries and theatres, masterclasses with industry professionals, a public summer show and graduation ceremonies.

The project shares a synergy with the Creative People Outcome of *Let's Create*, working on the premise that every young person should have the chance to be creative regardless of where they are born or where they live, their financial circumstances or their lived experiences.

The innovative collaborative place-based delivery model will improve access to a range of cultural opportunities in the local communities where young people live, improving the cultural infrastructure needed to help places thrive, especially in places where it is limited.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

Each year, National Lottery Project Grants support a wide range of community-led creative initiatives that build and strengthen social ties. For example, in 2023/24, Art on the Underground was awarded funding to deliver a two-year programme of artistic projects in collaboration with the Greater London Authority's Community Spaces at Risk Team. The project bought together four 'community collaborators' – PEACH Newham, Foundation for Women's Health and Development, Samafel Families Association, and House of Rainbow – and an artist to co-create new sonic artworks of speech and music to be

installed as temporary soundscapes at London Underground stations. The community spaces contribute to community resilience, social integration and collective action. Together, they are creating artwork for the public realm, to be enjoyed by millions of Transport for London users.

f) The need to support volunteering and participation in the arts and community arts

During 2023/24, Arts on Prescription were awarded £32,870 through Arts Council National Lottery Project Grants to conduct their community art project, Seas & Trees, via their community hub, Arts in the Park. Arts in the Park provides accessible arts provision from a formerly disused, now repurposed building in an urban park within the heart of Hastings. It provides opportunities for the community to be creative and learn new skills, as well as offering freelance employment opportunities to artists to develop their own creative practice.

Seas & Trees brings together a group of around 20 existing Arts in the Park volunteers to run a program of workshops and events in 2024, including foraged art workshops and support to develop and merchandise their work. The project will culminate in two fairs where the volunteers will sell and exhibit their work as well as engage the public in Hastings, with the second fair being planned and run by volunteers.

The aim of the project is to give the volunteers more ownership of their work and the community arts space, so they can be empowered to create work and deliver workshops which provide accessible art for the community.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

Developing your Creative Practice supports individuals to explore their practice and develop new skills. Becky Jefcoate is an interpretation designer and creative producer with 25 years' experience. Her practice focuses on creating engagement programmes, interpretation schemes and creative activities for museums, and she was ready to make a step change. Becky said:

"During the Covid lockdown I … experienced the benefits of museum wellbeing programmes myself. At a time when people's mental health and wellbeing is at an all-time low, I feel that now is the right time for me to refocus the next stage of my career on developing creative interventions with and within museums that support, improve and champion wellbeing".

Becky's project sees her gathering insight and learning from international museum innovators in the wellbeing field and developing her knowledge, skills and networks. She has decided to work internationally for this period of development, immersing herself in international best practice around post-Covid recovery, creative responses to urban issues, and healing cultural tensions. She has a focus on two specific areas of museum wellbeing practice: the East and West Coasts of the United States. Her award of £11,000 is providing the time and space needed to hone and develop her practical skills to create powerful new museum-led wellbeing programmes.

As a professional dancer and dance teacher Olivia Roberts wanted to take the step from Performer to Creative Producer, re-discovering her career as a mother a few months postpartum.

Creating the groundwork for this change, Olivia established new relationships within the Black Country community, from other creative practitioners and libraries to colleges and community centres. Olivia also spent time developing her bid writing skills, researching funding opportunities and becoming more confident planning and tracking budgets.

Olivia took the opportunity to work at Birmingham Festival 2023, developing skills as a Producer under their guidance and support. This included running rehearsal days,

collecting participant data, set logistics and leading choreography.

A variety of mentors in Theatre and Dance allowed Olivia to learn about different aspects of cultural administration and management, such as fundraising strategies, campaign management, and connecting and collaborating with groups in a way that's relevant to them. This ultimately led to designing learning and participation community classes for early years through to 11-to-16-year-olds.

Olivia said: "This grant has allowed me an entirely new outlook on my future and helped me develop and harness my skills…I look forward to both creating my own work and supporting others in creating theirs."

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

Many of our Investment Principles Support Organisations (IPSOs) are supported through our National Lottery funding. Our IPSOs are a cohort of creative and cultural organisations from across the country that play a central role in helping us deliver *Let's Create*. They support the cultural sector to embed best practice in relation to the Arts Council's Investment Principles and realise the vision that *Let's Create* sets out. One of the four Investment Principles is Environmental Responsibility, which is about embedding environmental thinking in everything our funded organisations and projects do, from operations and logistics, to considering how creation, programming and partnerships can help support their commitment and provoke debate.

The National Rural Touring Forum (NRTF) is an IPSO working to a 2023-26 funding agreement. In 2023/24, some of its key activities around supporting Environmental Responsibility have focused on collaborative data gathering, toolkit and resource development and working towards a green charter for the sector. They have worked with environmental organisations to deliver sessions for NRTF members, helping them to establish which sustainability standards they will work to and what support they'll need to achieve it. The goal is to support the rural touring sector to reduce its environmental impact.

Outdoor Arts UK (OAUK) is another IPSO for 2023-26, focusing some of its funded activities on supporting the sector around Environmental Responsibility. In 2023/24, it brought together the OAUK National Summit for more than 100 delegates, pooling the latest environmental evidence, actions and advice for the outdoor arts sector to deliver presentations and best practice sessions for artists, producers and festivals. The summit was programmed by the organisation's Environmental Action Group, which leads on collating resources, promoting related training and funding opportunities, and sharing case studies and best practice to the OAUK membership.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

Our Place Partnerships strand of National Lottery Project Grants supports projects that aim to make a long-term difference to the creative and cultural life of a local community. As part of our Delivery Plan for 2021-24, we identified 54 'Priority Places' across England where we are prioritising increasing investment and engagement.

Medway is a Priority Place and in 2023/24 we funded the Medway Place Partnership project: a partnership-driven project aimed

at transforming how the creative and health sectors work together and with communities. The project aims to make creativity central to wellbeing and preventative health interventions in Medway. Medway Council's Public Culture and Libraries, Public Health and Housing departments have partnered with a range of organisations in the area, including the University of Kent, health and social care partners, and cultural organisations including theatres and music institutes. Their goal is to develop skills, creative methodologies and strategic alignment to deliver long-term change Medway-wide and in areas of high health inequalities in Chatham.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

One of the Arts Council's four investment principles is Dynamism, which is about ensuring funded organisations are resilient and able to respond to a changing external environment. We recognise that good, inclusive leadership is critical to ensuring the sector can draw on a wide range of ideas and experiences to build success.

MeWe360 and Cause4 are two Lottery-funded Investment Principles Support Organisations working to 2023-26 funding agreements, and both are supporting the sector by investing in the cultural workforce and helping organisations to become more entrepreneurial.

MeWe360 is a Black-led not-for-profit that champions Black, Asian and ethnically diverse entrepreneurs in the arts and creative industries. In 2023/24, MeWe360 delivered an incubator programme that provided mentoring and tailored one-to-one business development support to 36 creative leaders and facilitated peer-to-peer networking and learning across the sector.

Cause4 partners with the University of Leeds to deliver Arts Fundraising and Philanthropy, a project which champions lifelong learning and offers transformational professional development for arts fundraising leaders. In 2023/24, Cause4: supported 20 leaders to remodel their organisations through change programmes; launched an online wellbeing programme for arts fundraisers to support talent retention for the sector; delivered a trustee leadership programme and series of specialist skills training sessions; and created inclusive talent development pathways, with 20 arts fundraising apprenticeships and 10 fellowships for mid-career and senior fundraisers and leaders.

l) The desirability of working jointly with other organisations, including other distributors

The National Foundation for Youth Music (Youth Music) is an independent charity founded in 1999 by Arts Council England and the Department for Culture, Media and Sport as a delegated distributor of National Lottery funds.

In late 2022/23, Youth Music was awarded an Arts Council Lottery grant of £28,953,000 for activity to be delivered in 2023-26 (£9,651,000 per year, beginning in 2023/24). Historically, Youth Music has delivered a high-quality programme of music-focused activity, making grants using Arts Council Lottery funds to reach children and young people and transform their access to high-quality, sustainable music-making activity across the whole of England. Their focus is on reaching those young people who don't usually get the chance to engage with arts and cultural activity due to where they live, or other circumstances in their lives.

This latest Lottery investment marks a development in the way we have worked with Youth Music to shape a programme. The Arts Council and Youth Music have worked in partnership over the past few years to explore opportunities to align with the aims and objectives of our strategy, *Let's Create*, and to fund projects in other artforms beyond music through Youth Music's grant-making model.

This significant change was made to align with *Let's Create*'s focus on supporting the creative lives of children and young people in the way that meets their needs best.

Youth Music has a high profile in the music, education, community and health sectors and is supporting many young people and organisations that the Arts Council currently does not, and their projects deliver inclusion activities to disadvantaged children and young people in challenging circumstances. Broadening the scope of projects that they can support really capitalises on their expertise in reaching underserved children and young people, and through their 2022/23 grant (covering delivery from April 2023 onwards), Youth Music will explore these opportunities, aiming to increase investment in other artforms throughout 2023-26.

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have

been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. In 2023/24, a total of 2,951 awards were made with a total value of £122 million (2022/23: 2,984 awards with a value of £99 million).
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

   Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

   In 2023/24, 1,279 awards were made with a total value of £21 million. In 2022/23, 1,520 awards were made with a total value of £45 million.

FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

> The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2023/24. A copy of the Statement of Financial Requirements is publicly available.

LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 7.75 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2023/24 were approximately £1.14 million less than the target and approximately £220,000 less than last year.

1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2023/24 £M ACTUAL	2023/24 £M TARGET
ACTUAL ADMINISTRATION COSTS*	16.35	17.63	17.10	15.68	18.76	18.54	19.68

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2023/24 £M ACTUAL	2023/24 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	15.37	16.34	14.94	13.80	15.48	16.63	17.65

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS
** FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2018/19 ACTUAL	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 ACTUAL	2023/24 ACTUAL
ACTUAL ADMINISTRATION COSTS AS A % OF LOTTERY INCOME*	7.00%	7.08%	6.75%	6.18%	7.45%	7.48%

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £15,000:	6 weeks
Applications for funding for £15,001 and above:	12 weeks

YEAR		A	B	C
2019/20	Actual	99.32%	97.42%	98.94%
2020/21	Actual	94.95%	95.50%	95.06%
2021/22	Actual	99.70%	87.90%	97.30%
2022/23	**Actual**	**99.88%**	**99.80%**	**99.87%**
2023/24	**Actual**	**99.33%**	**96.77%**	**98.96%**
2009/10	**TARGET**	**90%**	**90%**	**90%**

A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding. We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

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In order of appearance

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THE NATIONAL LOTTERY

THE ARTS COUNCIL OF ENGLAND

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Accounts

Arts Council England,
Grant-in-Aid and National Lottery
Distribution 2022/23

Annual Report & Accounts

For the year ended 31 March 2023

HC 1509

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FOR THE PERIOD 1 APRIL 2022
TO 31 MARCH 2023

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Chair's report

01.

When we launched our strategy *Let's Create* in January 2020, I acknowledged that the next decade would pose challenges and that the creative and cultural sector had a special role in helping our whole society to respond to them. However, none of us could have predicted the size of the obstacles placed in our path by the coronavirus pandemic and the rising cost of living.

Let's Create may have been written before the precise nature of the challenges became clear, but it set out a vision of the changes that were needed if the creative and cultural sector were to remain responsive, relevant, and resilient into the future. That vision was shaped through extensive three-year conversations and consultations with the public and arts organisations across England and I believe it has helped us to observe the creative and cultural landscape from a new perspective. *Let's Create* became a route map setting out how we might achieve our ambition that, by 2030, our country would be one in which the creativity of each of us is valued and given the chance to flourish, and where everyone has access to a remarkable range of high-quality cultural experiences. At its heart lie the goals of inclusiveness and excellence.

In November, we announced the first National Portfolio in which our funding decisions were firmly rooted in the Outcomes and Investment Principles of *Let's Create*. This was a heavily competitive investment round with more than 1,700 organisations applying to receive the regular funding being part of the portfolio secures. In comparison, the last portfolio attracted around 1,200 applications.

We believe that the organisations selected to be part of the new portfolio have allowed us to achieve a balance of investment which will improve the overall strength of our nation's creative and cultural life. It ensures that more places receive a share of the investment we make with money from taxpayers and National Lottery players, with more people being able to enjoy ambitious creative activities and stimulating cultural experiences closer to their homes. As the development agency for creativity and culture, our role is to lift our eyes to the future. This portfolio recognises ambition and excellence in both emerging and established organisations across all artforms and at all scales. It should make sure that, wherever you live and whatever your background, you will be able to experience the passion and benefits that a full creative and cultural life can bring.

Inevitably, as a public body, the decisions have attracted scrutiny and discussion. This is only right. In a healthy society the investment of public money should be debated, but the principles on which those decisions are founded should also be explained and understood. Difficult choices were made but they were consistently applied and were shaped by the vision and ambition in *Let's Create*.

I have touched briefly upon the unexpected challenges that we have faced over the last three years. One of those was the instruction we received from the then Secretary of State as the application process for the 2023-26 Investment Programme was being drawn up. Ministerial instructions to the Arts Council are not unusual, they are the mechanism by which a government can achieve its policy aims. This one directed us to move funding amounting to £24 million away from London. The process of shifting the proportion we spend out of London may have been speeded up by the instruction we received, but it is not a new

idea. It is part of our commitment to making sure that everyone across the whole of England shares in the benefits that creative and cultural activities can bring. On one hand, our job was to increase investment elsewhere in the country, especially in those places where historically our investment has been low, to create the environment for creativity and culture to flourish and provide opportunities for those with talent to develop and sustain their careers. While on the other, it was making sure that London remains a national and international cultural powerhouse and maintains its important place in our nation's creative ecology. It created a tough balance to achieve, and led to difficult decisions being taken. The government recognised that the decisions sit with the Arts Council. This protects both the sector and government from the risk of political interference, or the appearance of it, in individual funding decisions. We look forward to working with the ministerial team at the Department for Culture, Media and Sport in continuing to champion investment in creative practitioners and in arts organisations, museums, and libraries and the dividends it can bring to communities.

The impact of this investment on lives and communities can be seen in every corner of the country. It supports the economies of rural communities and of villages, towns and cities. It helps to nurture the talent of the next generation of creators, makers, and performers. It improves the health and wellbeing of people living across the country. It plays an active part in providing opportunities to children and young people, and those of all ages, to explore their creative and cultural life. And it provides the support and conditions in which ambition and quality can flourish.

As we look forward, there is an understandable anxiety about the future, given the experience of the past three years. Whatever the future holds, the Arts Council will continue to be guided by the principles of *Let's Create* and will champion the importance of creativity and culture as an integral part of every aspect of our national life, identity and wellbeing.

Sir Nicholas Serota, CH
Chair, Arts Council England

Chief Executive's report

02.

Every day, in every corner of England, the people who work in our arts organisations, museums and libraries – and the individual creative practitioners who work with them – display the energy, enthusiasm and excellence that make our creative and cultural sector the envy of the world. It is seen in work of every scale, every artform, every discipline, everywhere.

Whether that is in the production of the *Tempest* by the Royal Shakespeare Company. In Ballet Black's *Nina: By Whatever Means*. In Weston Museum in Somerset. In York Library. Or in the collaboration between Seeta Patel Dance and Bournemouth Symphony Orchestra at Sadler's Wells. Whether that work is being done in Hull or Havering, Leeds or Leicester, Mansfield or Manchester, Norwich or Northumberland, Devon or Dover. They are united in drive, determination, and desire to give audiences the best experience possible. There is a unity of ambition.

These are the qualities that unite the 985 organisations that we welcomed to our new National Portfolio in April 2023. It is the largest number of arts organisations, museums, and libraries to ever join the portfolio. All of them will help to achieve the ambition and vision laid out in our strategy *Let's Create*. More than a quarter of them – 275 to be precise – are new joiners. When *Let's Create* was launched we said that we needed to be an Arts Council for the whole of England – our new National Portfolio is helping us to achieve just that.

I am pleased to say that this portfolio is one of the most diverse and inclusive we have supported. We have made investment decisions to support our ambition to make sure creativity and culture is more accessible and relevant to everyone, and better reflects the diversity of England as it is today. In our new National Portfolio, we have increased our investment in diverse-led organisations as well as welcoming new organisations into the portfolio from across the country that have the ambition to produce and present high quality work. The organisations we are supporting include more Black, Asian, and Ethnically Diverse leaders, more Disabled leaders, and more women leaders. All our investments are about creating chances and offering choices. In short, they are about investing in organisations that want to deliver on the Outcomes we set out in *Let's Create*.

As our Chair writes in his foreword, it is of course appropriate that the Arts Council is held to account for the decisions that we make. And it is inevitable that what we do not fund attracts more scrutiny than what we do. But if we reduce the overall picture to focus only on a few organisations, if we make that debate "either" "or", about access or excellence as if they exist only in opposition, if we start to argue for one artform at the expense of another, then there is a danger that our perspective becomes too narrow and too short term, focusing on individual elements, but failing to see the big picture. That picture is more complex. It is an entire cultural eco-system and its interdependencies.

As the development agency for creativity and culture we always strive to take a broader view. So, our strategy, *Let's Create,* is not singularly focused. It is about balance – and rebalancing. It is about stewardship, for here and now, and

for the future. We recognise the complexity of the environment in which we invest with each part of the cultural sector reliant and working interdependently with many others. We do not think in categorical terms. We are not an "Either Or" organisation. Rather, I see us as an "And And" organisation.

That means it is about investing in libraries in Gloucestershire and in Barnsley. Supporting the National Football Museum in Manchester and the St Barbe Museum and Art Gallery in Lymington in the New Forest. It is about investing in the Royal Opera House in London and Phoenix Arts in Bordon in Hampshire. It is about investing in Paraorchestra in Bristol and the National Youth Brass Band in Bedford. It is about investing in the National Theatre in London and Live Theatre in Newcastle. It is about museums and libraries, about theatre and music, about literature and dance, about visual arts, and large-scale outdoor festivals and events, about arts and technology, arts and health and arts and the environment. It is about welcoming into our National Portfolio organisations that want to be the best at what they do and do so in an inclusive and relevant way. It is about creating chances and offering choices.

Making sure our sector is fit for the future is a big part of our work as the development agency for the arts and a big part of the ambition of *Let's Create*. Many creative and cultural organisations are continuing to build on the innovative ways they used technology to connect with new audiences during the pandemic. Immersive technology offers new opportunities for both individual artists and organisations to share creative and cultural content more widely. We are now in the seventh year of our Future Art and Culture programme developed in partnership with British Underground which showcases our cultural sector's ambitious work in pushing the boundaries of arts and technology at the SXSW festival in Texas.

We are also proud of our record on encouraging the creative and cultural sector to look at how its work impacts on our environment. We were the first cultural organisation in the world to link our funding of arts organisations, libraries, and museums to a commitment to environmental responsibility. The partnership we formed a decade ago with Julie's Bicycle to deliver our environmental programme is still going strong. We are now delivering another programme in partnership with them, and also with the Danish Arts Foundation, that explores new approaches to lessening the impact of international touring on the environment.

We have long been involved in showing how creative and cultural activities can benefit health and wellbeing. Since we published our joint compact with NHS England 15 years ago, we have continued to develop the role of creativity and culture in this field. In summer 2022 we published our first Creative Health and Wellbeing Plan and in April 2023 we invested £660,000 in the Creative Health Associates programme delivered by the National Centre for Creative Health. It will see an associate employed in each of the seven NHS regions in England as well as the appointment of a programme manager. They will help health and care professionals use creative approaches and activities to improve the health and wellbeing of people across the country.

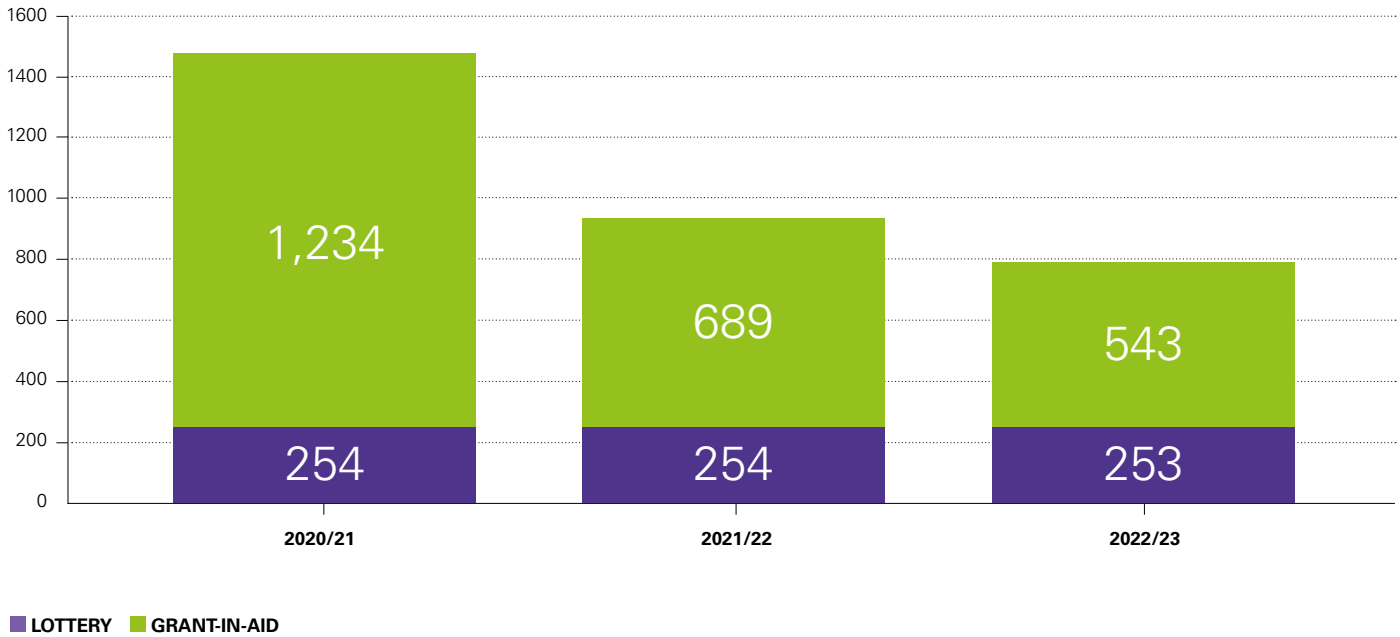
The vision and ambition of *Let's Create* is that everyone wherever they live, whoever they are, whatever their background should be able to benefit from an active creative and cultural life. Looking at our new National Portfolio, I believe that the investments we have made will set us on the pathway to help make that happen. More people in more places will get the chance to experience ambitious and high-quality creative activities and cultural events closer to where they live, helping everyone, everywhere to lead happier and more fulfilled lives. For me, there is no better reason to invest public money.

Dr Darren Henley, CBE
Chief Executive, Arts Council England

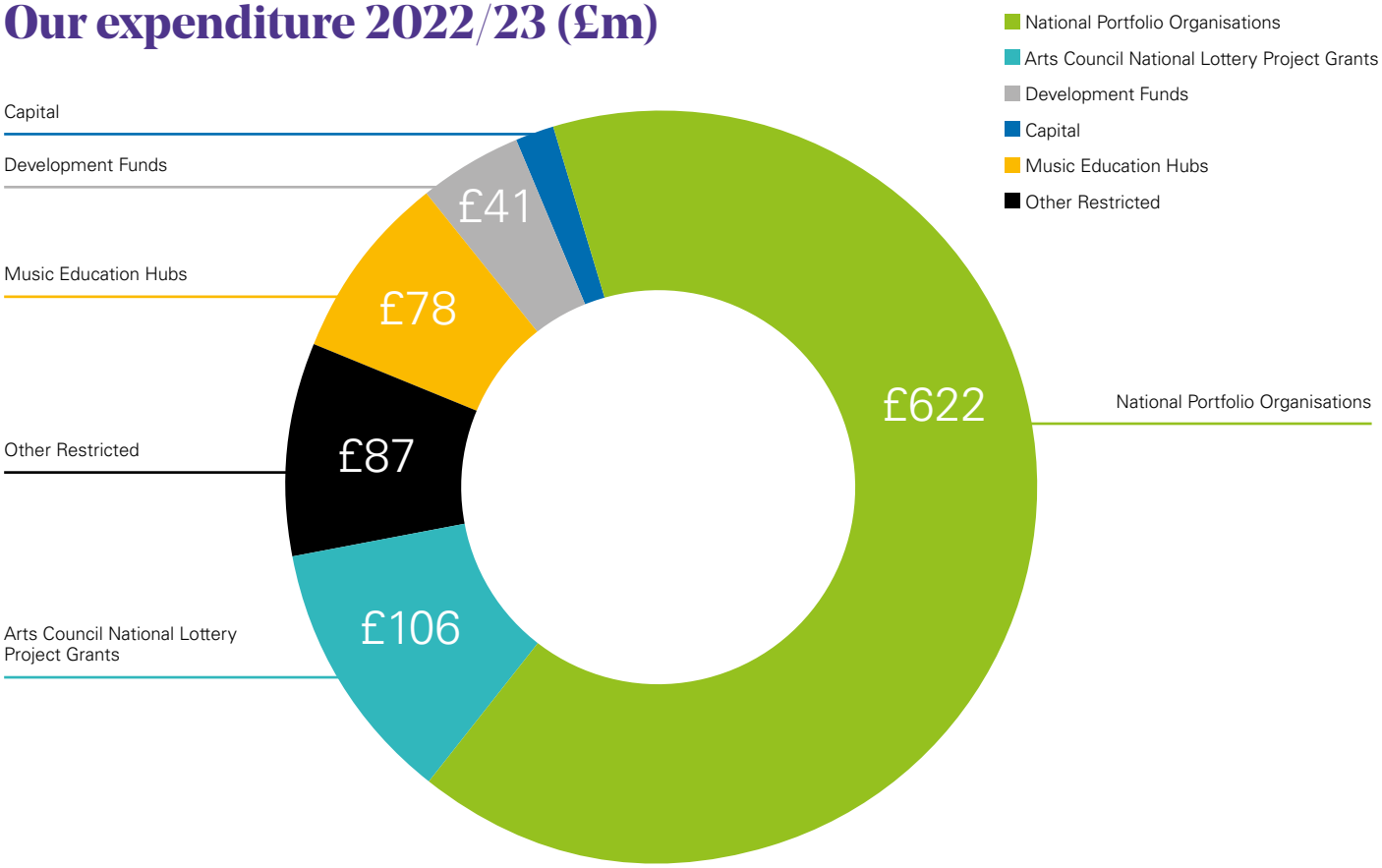
Our key numbers for 2022/23

During 2021/22 and 2021/22 our grant-in-aid income rose as we distributed a large proportion of the Culture Recovery Fund for DCMS. It also led to an unusually high number of grants being awarded due to Culture Recovery Fund-related activity. Over the last three years the volume of grants awarded and grant-in-aid funding has reduced back to a normal level.

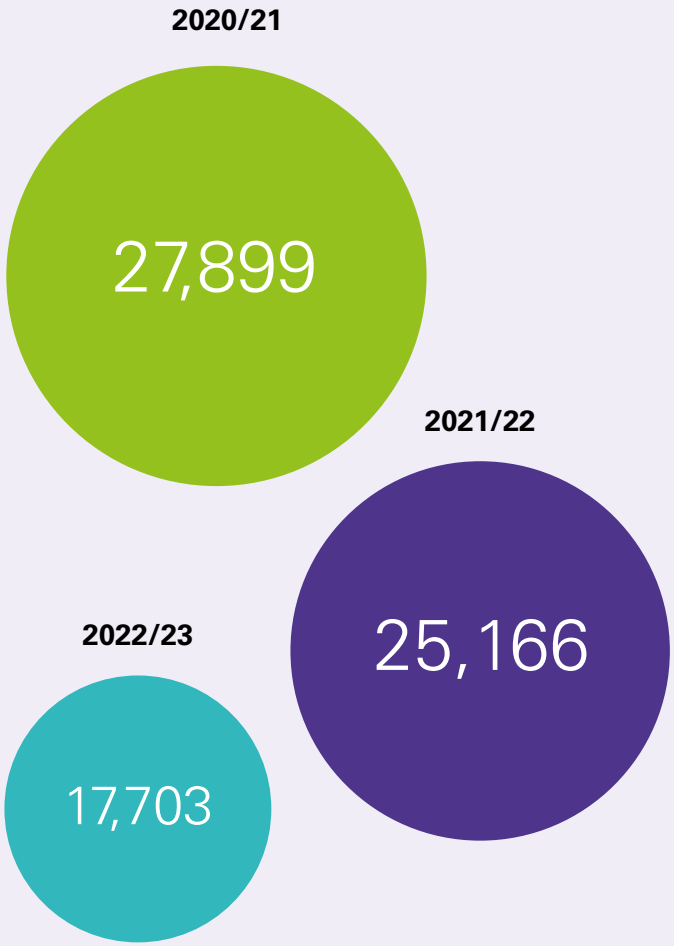
Our total income (£m)



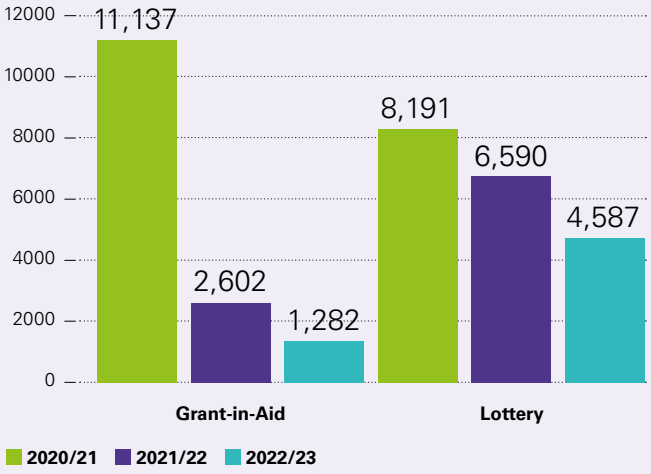
Our expenditure 2022/23 (£m)



NUMBER OF GRANT APPLICATIONS PROCESSED



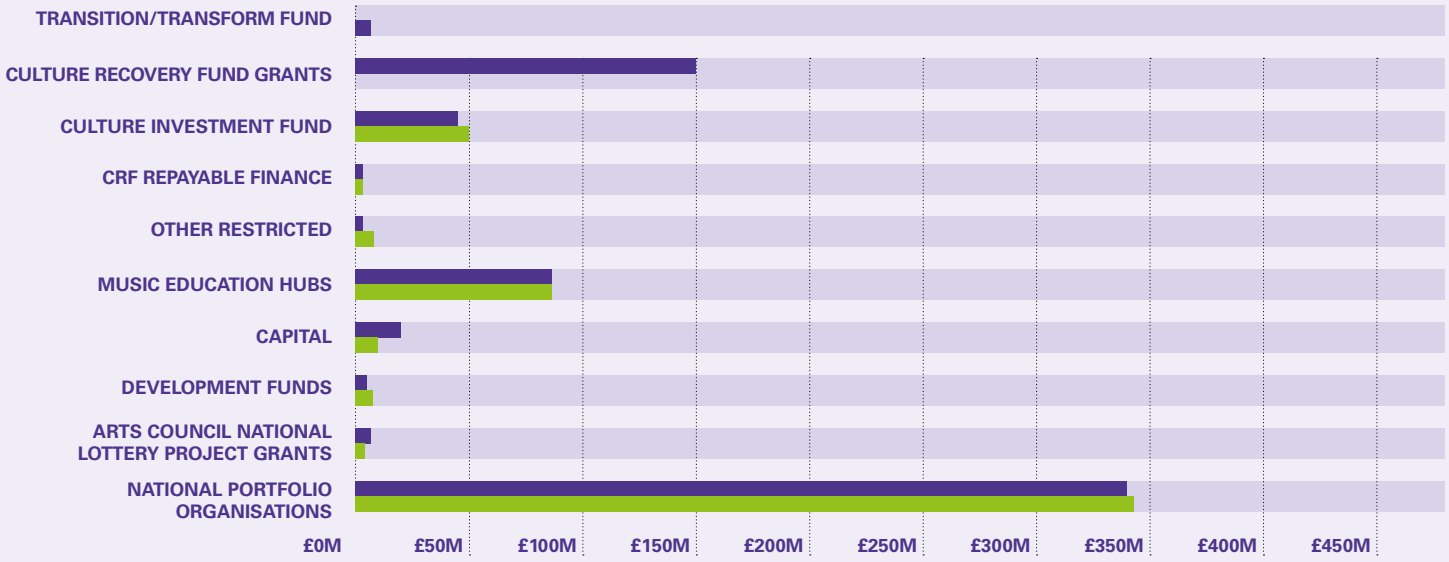
NUMBER OF GRANTS AWARDED



TOTAL NUMBER OF GRANTS AWARDED

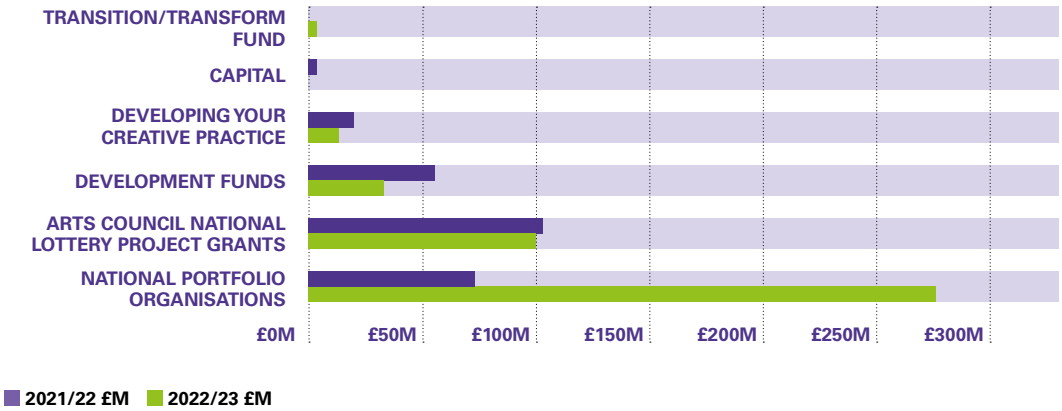
Grant-in-Aid expenditure

Grants-in-Aid awards made by Arts Council England during 2022/23 were as follows:



Lottery expenditure

Lottery grants made by Arts Council England during 2022/23 were as follows:



Our organisation

HOW WE MAKE THINGS HAPPEN

601

FTE EMPLOYEES

2.20%
Median Gender pay Gap as at 1st April 2022

5.6%
Negative median ethnicity pay gap as at 1st April 2021 (Median salary levels are 5.6% higher for Black, Asian & Ethnically diverse colleagues than for White colleagues)

71%
of colleagues in Upper Pay Quartile are female

Percentage of Disabled/Deaf staff has increased from 5.6% to 12% in the last five years

9

OFFICES

Office utilisation efficiency has improved from **7.31m²** to **6.08m²** space per FTE

79%
of workforce located outside of London, and we maintain a meaningful local presence in regional centres in England

Successfully completed the relocation of our London office to smaller, naturally ventilated space, delivering annual savings of £330k pa and reducing carbon emissions

85

GOVERNANCE BODY MEMBERSHIP

15
National Council members

5
Area Councils

03.

Arts Council Performance 2022/23

Let's Create is Arts Council England's strategy for creativity and culture in England, published in 2020. It sets out our vision for the next 10 years:

By 2030, we want England to be a country in which the creativity of each of us is valued and given the chance to flourish, and where every one of us has access to a remarkable range of high-quality cultural experiences.

This section shows our progress and achievements in 2022/23 against the three Outcomes in *Let's Create:* Creative People, Cultural Communities and a Creative & Cultural Country. Included in the report are examples of projects from across England, which tell the stories of the organisations and individuals our investment supports. To read *Let's Create*, click here.

In 2022/23, much of the Arts Council's work was focused on processing applications to the 2023-26 Investment Programme. After publicising the programme widely we received 1,731 applications, an increase from 1,160 applications for the previous 2018-22 National Portfolio Organisation investment process. After assessing all applications, we chose a balanced portfolio of organisations who would help us deliver our strategy.

We are investing £446 million each year in 985 organisations which we believe and expect will make the biggest contribution to realising our *Let's Create* vision over the next three years.

This Investment Programme is the first that gives applicants the opportunity to respond to the Outcomes and the investment principles outlined in *Let's Create*. These principles were developed with input from those working in the cultural sector and people living and working in villages, towns and cities across England. They cover four areas: Inclusion & Relevance, Ambition & Quality, Dynamism and Environmental Responsibility.

There are two kinds of organisations in this Investment Programme. National Portfolio Organisations are those that deliver cultural and creative work, while Investment Principles Support Organisations help people and organisations in the cultural sector to integrate one or more of the investment principles into their work.

We look forward to seeing the work that these organisations produce, and also to hearing about the positive impact they have on their audiences and wider communities over the next three years.

In 2021 we published a delivery plan, which outlined how we would put *Let's Create* into practice from 2021-24. This plan included an impact framework, a set of indicators for measuring the impact of our work. To gather the data needed for this we have invested in new large-scale national data collection surveys. We will report on the work of the organisations in the Investment Programme and the impact they have had in future annual reports. You can read more about the impact framework here.

Beyond the Investment Programme, this year we also commissioned our new audience data platform for organisations, **Illuminate**, which is being delivered by PwC. We continued to support the cultural sector with our free Impact and Insight Toolkit, which helps organisations to get data about what audiences think of their work. We extended our investment in **Elevate**, our programme to help diverse-led organisations become more resilient. We invested in our environmental programme with Julie's Bicycle. It now includes an improved version of the **Creative Climate Tools** to help cultural organisations make faster progress towards environmental responsibility in their work.

Throughout 2022/23 the arts organisations, museums and libraries we funded through our previous National Portfolio continued to deliver creative activities and cultural experiences in villages, towns and cities across England. Data on the reach of that work is still being collected and collated and will be published later in the year.

The Arts Council continued to deliver elements of the Government's £2 billion Culture Recovery Fund, designed to support the cultural sector during Covid-19, throughout 2022/23. We were the largest delivery partner for the fund, distributing over £1.1 billion to over 3,500 organisations, made up of £892 million in grants and £254 million in loans. This was the biggest single investment programme our organisation has delivered in its history.

The Culture Recovery Fund grant funding periods ended on 31 March 2022. In 2022/23 we focused on bringing the programme to an end, and over 99% of all activity and grants were completed. We continued to support grant and loan recipients where issues arose, and contributed to the Department for Culture, Media and Sport's evaluation of the programme.

We are now better placed to respond to challenges, crises, and opportunities in the future because of the skills, knowledge and lessons learnt through our work on the Culture Recovery Fund and our own response to the pandemic. We showed we could give support to organisations that needed help quickly and in innovative ways. We successfully increased our connections with organisations – including in the commercial and supply chain sectors – which in the past we had less contact with. Another success was our collaboration with the Government and other arms length bodies to rise to the challenge of delivering the fund effectively. Reviews by auditors praised our delivery of the programme.

CREATIVE PEOPLE

Everyone can develop and express creativity throughout their life

Taking part in creative acts such as singing, photography or writing delights and fulfils us, and helps us to think, experiment, and better understand the world. Creative People is about making sure everyone can access creative activities and has the chance to develop their skills and talents throughout their lives.

To make this a reality, we will invest in a range of creative activities. They include amateur and commercial events, across all creative disciplines, taking place at home, in community spaces, and in dedicated cultural venues. We will focus on supporting the creative talents of ordinary people across the country, and making sure that more people can experience creativity throughout every stage of their lives, whether that is for their own enjoyment, or with the intention of starting a career in the creative industries. We will work to find out more about the kind of activities and experiences people want, and encourage the organisations we fund to put the public at the heart of their work.

Our investment in Creative People

In 2022/23 we assessed applications to our 2023-26 investment programme. As a result, we have welcomed **985 arts organisations, libraries and museums** into our new National Portfolio from 1 April 2023. Many of these organisations provide opportunities for people to get involved in activities that will help them develop their creative skills, such as youth drama groups, music lessons and writing workshops.

We have built a portfolio of regularly funded organisations who will help us deliver the vision of *Let's Create*, developing new projects and ideas and creating engaging cultural experiences in which people across the country can participate. We want an even wider range of people to participate in culture and have the opportunity to be creative through *Let's Create* and the new portfolio.

- We delivered the first stages of **Talent 25**, an action research programme in partnership with De Montfort University, Leicester. The research tracks children from birth until their 25th birthday to understand the benefits of creative activities for young people and investigate how we can remove barriers to getting involved. The programme

takes referrals from NHS GP practices and community groups. It has worked with 320 babies and their families and carers so far.

The National Saturday Club gives 13 to 16 year olds the opportunity to study creative subjects at their local university, college or cultural institution for free. It encourages young people to be creative and means they can develop skills in seven subject areas: art and design, craft and making, fashion and business, film and media, science and engineering, society and change, and writing and talking.

In 2021/22, 1,366 young people went to one of 74 Clubs in more than 50 places across England.[1] Young people who joined in said that the Clubs gave them confidence, the chance to develop new skills, and progression opportunities.

81% of young people attending Saturday Clubs in 2021/22 were from under-represented backgrounds, including those with disabilities or from lower socio-economic backgrounds. This is a rise from 46% in 2018.

96% of young members said that going to a Saturday Club influenced their future plans, with 81% saying they now know more about careers opportunities.

The **University of Northampton's** Art&Design National Saturday Club ran 17 sessions for 24 members in 2021/22. Club members really enjoyed joining in-person sessions after the period of lockdowns, and embraced connections to the area's long history of leatherworking and footwear design.

"The Saturday Club offers many opportunities for young people to experience a variety of possible career destinations, and to build their confidence in different subject areas. It enables them to explore and develop their skills across a variety of creative and practical classes and build an understanding of possible career goals which can then be supported by pursuing their future career dreams at university." Caroline Lloyd, Tutor, University of Northampton

One student said they felt 'honoured' to participate in Saturday Club. They explained that they had discovered the rewards of persistence in achieving their creative goals, and at the end of the sessions in March 2022 they eloquently spoke on behalf of the entire group to thank all the tutors, co-ordinators and student ambassadors for their contribution.

Another student with autism was sensitively supported throughout the sessions to work at a pace they found comfortable and grew incrementally to work outside her comfort zone. She demonstrably grew both in terms of personal confidence and skills, with greater ability to work productively with others and to persist with her own work when things became technically or conceptually difficult.

- In June 2022 the Department for Education published a new National Plan for Music Education. As part of the plan, the Department will continue to invest £79 million per year in Music Education Hubs, which are groups of organisations that provide music education for young people, in and out of the classroom. The Arts Council has continued as the administrative body for this funding, and in 2022/23 we have supported Hubs to recover from the effects of Covid-19. We launched the new Music Hub Investment Programme with events and consultation with people working in music, education, culture and the creative industries, as well as students and their families.

[1] National Saturday Clubs data runs in accordance with the academic year; this data is from 2021/22.

- In 2021/22, Music Education Hubs[2]:

Worked with **19,008** schools (over **86%** of all schools).

837,866 children and young people participated in lessons with or supported by a Hub.

Supported **11,517** ensembles, with **107,804** children taking part.

2022/23 was the beginning of **The National Youth Dance Company (NYDC)'s** tenth anniversary. The Company brings together talented young dancers from across the country to work and perform professionally, and 96% of the programme's alumni have gone on to further dance training. NYDC has developed a successful schools outreach programme and has run workshops across the country. 88% of people who took part in workshops said that their confidence has improved, with some going on to audition for the main company.

Adhya Shastry started dancing Bharatanatyam, the classical Indian dance form, when she was nine years old at the performing arts group Kalakunj in Reading. She went on to study contemporary dance and ballet through a Centre for Advanced Training (CAT) scheme at The Place in London and joined NYDC for 2021/22. In May 2022, Adhya won the BBC Young Dancer of the Year title.

- Our national programme, **Celebrating Age**, delivered in partnership with the Baring Foundation, came to an end in 2022. During the programme (2017-22), 32 projects received a total of £3 million funding for up to three or four years. Funded projects worked with a total of 548 partners across the programme. Projects spanned a wide range of artforms, and included workshops, programmes, events, festivals, exhibitions and performances in arts and cultural venues, housing and care settings, and a range of public spaces. Some commissioned new works of art from older artists, and/or explored ageing or oral histories. 31,000 people joined in with over 2,500 activities, and nearly three quarters of the participants were aged 65 and over. Half of the participants said that their day-to-day activities are limited because of a long-term health condition or disability (a quarter said they were limited 'a lot').[3]
- We commissioned and published a toolkit produced by Common Vision and Creative United called Learning from the Pandemic, which brings together case studies and practical ideas from the first two years of the pandemic that helped communities to participate in creativity and culture. These range from creative sessions for house-bound people, creativity boxes for families to unpack and explore, and live streamed library Rhyme Time sessions for babies and toddlers.

We invested in projects that support health and wellbeing, where people of all ages were involved in and benefited from creative activities.

- Around 11,000 people were supported by the **Thriving Communities Fund** – an average of 296 participants per project. The Thriving Communities programme provided thousands of people with an opportunity to connect with others through planned and coordinated activities. Local partners have helped to empower people to feel they could take more control of their lives, feel less isolated and make connections.[4]

[2] Music Education Hubs collect data for academic years; this data is from 2021/22.
[3] https://www.artscouncil.org.uk/celebrating-age-programme-evaluation-final-report
[4] https://www.artscouncil.org.uk/thriving-communities-fund-evaluation-report

- Around a third of participants supported were from Black and minority ethnic groups, suggesting that these communities were more strongly represented compared with the national population.
- Just less than half of the participants reported having a long-standing health condition or disability, which is nearly twice the national figure.
- Four in ten participants reached by the programme live in the top 30% of the most deprived communities in England.

This provides evidence of the contribution that the programme has made in engaging communities most likely to suffer from health inequalities. Local evaluations from the projects reported that social capital and social connectedness are important drivers of improving wellbeing at both a community and individual level.

Hospital Rooms received a National Lottery Project Grant of £95,000 to make sure that art and creativity were offered at a new mental health hospital being built in Tooting. Service users and staff participated in the project, which also provided training for young artists, in collaboration with National Portfolio Organisation **National Opera Studio**.

"The wellbeing and enjoyment of each participant was put at the forefront. Seeing some of the students at the College being shy and apprehensive at the start of the course and then watching how the facilitators where able to put people at ease was exceptional."

– Peer Support Worker, Recovery College, Springfield Hospital

This successful work will be extended as Hospital Rooms and National Opera Studio are part of our National Portfolio for 2023-26.

CULTURAL COMMUNITIES

Villages, towns and cities thrive through a collaborative approach to culture

This *Let's Create* Outcome focuses on communities and the places they live. We want to make sure that opportunities to engage in culture are more evenly spread across the country and that people in villages, towns and cities have a greater say in what creative and cultural opportunities are available in their neighbourhood. We are committed to working with local stakeholders to increase opportunities for children and young people, and to make sure that investment in culture leads to more socially cohesive and economically robust communities, where residents experience improved physical and mental wellbeing. We use capital investment to make sure that more places across England have the physical and digital infrastructure they need to support high quality cultural and creative experiences. We support towns, cities and villages to use culture to connect internationally and to reflect the diverse influences, experiences and knowledge of their diaspora communities.

Over the last two years we have laid the foundations of our place-based approach from identifying priority places and refocusing our ways of working to create more time for staff to undertake development work in them, to establishing a new national portfolio that reaches more places than ever before. We continue to support all places across England through our three-pronged approach:

- Increasing investment and staff development time in priority places
- A universal offer available to all parts of the country
- Ensuring that our investment in places

where joint investment in culture is relatively high works harder to deliver improved public benefits

Our investment in Cultural Communities

In 2021, we identified 54 priority places across England where engagement and our investment was too low. In our baseline year (2019/20), National Lottery Project Grants and Developing Your Creative Practice investment in the places that would later become priority places was just £10 million. In 2021/22, we invested £16.4 million through National Lottery Project Grants and Developing Your Creative Practice in priority places, and in 2022/23 this increased by a further 14% to £18.7 million.

Through our National Portfolio investment process in 2022/23 we significantly rebalanced our investment across the country, ensuring that from 2023/24 our National Portfolio investment in Priority Places will increase by 141%.

- **141%** New Portfolio increase in investment in Priority Places
- **95%** New Portfolio increase in investment for Levelling Up for Culture Places

Priority Place case study: Rochdale
Rochdale is an ethnically diverse urban area in North West England. There is a strong ambition for culture in the town, despite just 39 per cent of adults regularly engaging with it.

Work to develop cultural capacity and ambition in Rochdale began in 2017 with the consultation 'Revealing Rochdale'. This showed that partners were committed to developing a high-quality cultural offer for Rochdale that could shape the borough and tackle the low levels of engagement and investment in cultural activity.

Arts Council England supported **Your Trust** (formerly Link for Life) as they developed a new cultural strategy (Pioneering Creativity) in 2020, and met senior staff across the local authority and Rochdale Development Agency (the organisation responsible for attracting inward investment into the borough) to advocate for the impact that culture could have on its corporate priorities.

Using Town Fund Mobilisation funding, the Council commissioned a cultural asset strategy to understand what infrastructure would be needed to meet the strategy's visions.

The Arts Council made Rochdale a priority place in 2021. Our staff provided advice and support based on the priorities identified in the Pioneering Creativity Strategy and Cultural Asset Strategy, and has since invested:

- £696,352 from our Capital Investment Programme into the building where new National Portfolio Organisation **Cartwheel Arts** will be based
- £4,199,365 Cultural Development Fund grant to redevelop **Touchstones Arts and Heritage Centre**, home to new National Portfolio Organisation **Your Trust**

These projects connect with and add value to a larger £8.3 million Town Hall capital programme supported by National Lottery Heritage Fund.

The Council created a Strategic Development Lead: Culture and Visitor Economy to develop cultural development further across the borough. It continued to develop local cultural policy, including a new festivals strategy and a visitor economy strategy with culture as a key focus. Rochdale Borough Council went on to receive investment from the UK Shared Prosperity Fund.

The Arts Council's advocacy, advice and investment helped grow the capacity for culture in Rochdale, and positioned culture at the heart of corporate priorities.

Capacity for culture in Rochdale now includes a cultural strategy, a Cultural Compact, culture embedded in key local strategies, a Principal Culture Officer, four National Portfolio Organisations, and two new major capital developments. In 2023/24, annual National Portfolio Organisation investment in Rochdale will increase 341% from the 2019/20 baseline. Two new organisations (**Cartwheel Arts** and **Your Trust**) join the National Portfolio, as well as a major uplift to existing National Portfolio Organisation **M6**.

Investment in Rochdale through National Lottery Project Grants and Developing Your Creative Practice has grown from £115,797 in 2019/20 to an average annual investment of £208,057 over the first two years of the 2021-24 Delivery Plan, an increase of 79%.

Our universal offer includes the majority of our funds such as National Portfolio Organisation funding, Developing Your Creative Practice and National Lottery Project Grants, ensuring that cultural opportunities are available across England. Support for touring is an important element of our universal offer. In 2022/23 National Portfolio Organisations toured to cities, towns and villages, and we invested **£1,381,629 across 32 awards** through our National Lottery Project Grants touring strand. Major National Lottery Project Grants-funded touring projects which reached communities in our priority places, in Levelling Up for Culture places, and across the rest of England included:

- **The Rural Touring Dance Initiative**, a three-year programme working with local presenters to bring high quality performances to rural communities
- **RUSH: A Joyous Jamaican Journey** which celebrates the arrival of reggae music in Britain with the Windrush generation to reach mid-scale audiences in urban communities

Creative People and Places delivery partner Super Slow Way co-commissioned **Small Bells Ring**, a floating library on a narrowboat created by artists Heather Peak and Ivan Morison that houses the UK's largest collection of short stories. In 2022/23 the narrowboat, RV Furor Scribendi, visited communities along the Leeds & Liverpool Canal.

We supported the Commonwealth Games Cultural Programme with a direct grant of £3 million that supported 165 projects and 56 commissions, reached 2.4 million attendees and over 40,000 participants, and involved 3,647 artists. A further £3.1 million National Lottery Project Grants investment was awarded to organisations and individuals for projects aligned to the Birmingham 2022 Commonwealth Games.

Effective place-based development means working with local stakeholders and communities. Local Cultural Education Partnerships and Cultural Compacts are important place-based groups working together across sectors to make sure that arts and culture are at the heart of local strategies, including economic development. These groups play a central role in increasing opportunities for children and young people. In 2022/23 we invested £400,000 in Cultural Compacts, and in October 2022 we launched a national peer learning programme to support place-based groups of organisations to share learning and better address the cultural needs of their communities.

Stoke Creates is a network of organisations with expertise in culture, industry, education, and civic leadership. It works with arts and cultural organisations

in Stoke-on-Trent and North Staffordshire to develop and support their work in local communities. Since becoming a Cultural Compact, Stoke Creates has launched several initiatives and projects that support and develop advocacy in arts, creativity and culture. They have established an 'Exchange Forum' which has more than 30 members, giving local artists and creative organisations within Stoke the opportunity to network and access new opportunities. Stoke Creates has also set up philanthropy network **Made in Stoke**, and supported organisations applying to join the 2023-26 National Portfolio.

Our **Creative People and Places** programme focuses funding on parts of the country where engagement with creativity and culture is significantly below the national average. Creative People and Places projects are delivered by place-based groups and driven by the aspirations of local communities.

In 2022/23, we brought 39 Creative People and Places programmes covering 57 local authority areas into the National Portfolio

In 2022/23 we ran a comprehensive induction programme for the new Creative People and Places projects, and established Action Learning Sets with their directors. Since 2013, people have taken part in Creative People and Places activities over 14 million times. We published 10 years of learning from our Creative People and Places programme this year which you can read about here.

One of our Creative People and Places projects is **Leftcoast**, who worked with its consortium members Blackpool Council's library service and Blackpool Coastal Housing and architects Lee Ivett and Ecaterina Stefanescu to create **Wash Your Words: Langdale Library and Laundry Room**. This is a multi-purpose space with a workshop programme which brought an empty office space back into community use, providing families with access to books, laundry facilities and cultural opportunities. Leftcoast and partners worked with communities across Blackpool to understand their needs and interests, and the resulting project is testing a community ownership model and how facilities can be shared for both environmental and economic benefit. The project was shortlisted for a RIBA Award in 2023.

We are committed to working with local stakeholders to increase opportunities for children and young people.

- Through our Place Partnership Fund we invested £800,000 in the **Kirklees Year of Music 2023**, a year-long programme to strengthen the music scene in Kirklees. A key strand of the project is a Young People's Year of Music delivering music education, aspiration, skills, and inclusion for children and young people across the borough.
- We invested £2 million in extending the **National Literacy Trust's Connecting Stories** programme which reaches 14 place-based hubs. The project improves children and young people's access to literary experiences and helps provide books in communities where levels of reading for pleasure have been low. Since 2020, Connecting Stories has reached more than 200,000 individuals and been supported by 43 publishers and 95 authors and other creatives.

We want cultural investment to help communities improve their social cohesion and be more economically robust. We are committed to investing in projects where the physical and mental wellbeing of residents is improved too.

- In 2022/23 we made the first grants through our new Place Partnership strand of National Lottery Project Grants and invested £7 million across 11 projects. These projects will see a change in the cultural provision in their communities, with almost all of them including activities for children and young people. Many of the funded projects focus on social cohesion, health and wellbeing, pride in place, and economic development. Nuneaton & Bedworth's **Creative Explorers** Place Partnership Project is a 21-month journey with the local authority, arts organisations, artists and communities working together to create a unique cultural identity for Nuneaton & Bedworth through a programme of activity that will build skills, generate civic pride and confidence, develop the visitor economy and lead to a creative borough.
- Our funding supported projects to foster social inclusion in communities that have limited access to arts and culture:
  - The **Volunteering Futures** programme invested £4.6 million in 19 projects which delivered high quality volunteering opportunities for young people and others who have experienced barriers
  - Through **Know Your Neighbourhood** we distributed £4.4 million to Libraries Connected, the Association of Independent Museums, and Creative Lives to run projects in 2023/24 that help people at risk of chronic loneliness to participate in arts, culture and heritage opportunities. The programme's initial strand focused on a volunteer recruitment programme to deliver activities to build on the work of 'warm hubs' – which had been set up as energy bills were rising to provide warm, friendly spaces for individuals and families to spend time in – and also help those who feel socially isolated or lonely
  - **The Let's Create Jubilee fund** saw £5 million distributed via local Community Foundations to support over 700 community-led events that brought communities together in celebration and fostered civic pride
- In 2022 the final evaluation of the Great Place scheme was published. The programme was launched by Arts Council England and The National Lottery Heritage Fund in 2016 and supported 16 projects across a range of areas. The evaluation concluded that the new approaches to working in areas and delivering culture led to improved social, cultural and economic outcomes for local partners:
  - Local pride and people's sense of belonging to an area increased.
  - Training and development opportunities were created, increasing the skills of cultural practitioners, providing training to stakeholders outside of the cultural sector, and offering opportunities to target audiences across their local communities.
  - Projects successfully engaged audiences from low-income areas – with a fifth of participants coming from the 10% most deprived areas in England – and audiences from Black, Asian and Ethnically Diverse groups, accounting for a fifth of all audiences in year 3.
  - Culturally, local partners have had opportunities to deliver new, engaging work that might not otherwise have been realised.

There is growing evidence that creative and cultural activity can lead to improved health and wellbeing.

- In July 2022 we published our first Creative Health and Wellbeing Plan which brings together key partners including the Department for Health and Social Care, NHS England, NHS Improvement, and Public Health England (now the Office of Health Improvement and Disparities), as well as national charities such as Age UK, Mind, and Scope. We invested £666,000 in the **Creative Health Associates**

Programme led by the National Centre for Creative Health following the Plan's publication.

Raw Material Music and Media, a purpose-built creative hub in Brixton, worked with 250 community members who previously faced barriers to creative access. The project focused on individuals of all ages experiencing mental ill health.

"It's genuinely helping a lot with my mental health and the community as well as the people are super kind, welcoming and easy to work with and talk to. Appreciate the sessions a lot more than you can imagine. Thank you for the opportunities and being able to work with others and experiment and grow with music!"

– GJ, 21

"*Your support has been the gift of my life. I spent the last 25 years working in a kitchen and I've never had a chance to experience anything like this.*"

– Antonio, older adult member

Public libraries are at the heart of our work in developing our place-based approach. Libraries and museums often reach into places with few or no other cultural buildings. The number of libraries supported through the National Portfolio has more than doubled from 7 to 18, and National Portfolio investment in libraries has increased by 166% to £4,162,720.

We work closely with them to ensure that they play a central role in supporting levelling up and community building, developing employability and helping to deliver health, wellbeing and loneliness strategies and providing better access for more people to digital technology including the internet – helping to close what is referred to as the digital divide. To help achieve this we refreshed our guidance for National Lottery Project Grants so that libraries can use that programme to deliver the four Universal Library Offers (Reading, Health & Wellbeing, Digital & Information, and Culture & Creativity).

- Our ongoing partnership with the **British Library** is demonstrating the range of activities that public libraries in England offer. We invested £3.4 million in LibraryOn from 2021-24 to support library services with digital projects and improve their online presence.

We will use capital investment to make sure that more places across England have the physical buildings and spaces, and digital technology they need to support high quality cultural and creative experiences. In addition to our own capital programmes we deliver the Cultural Investment Fund on behalf of the Department for Culture, Media and Sport (DCMS).

- In 2022/23 we awarded £32 million to eight new projects through the third round of the Cultural Development Fund. The newly funded projects include a £5 million investment in a partnership between the public sector (East Lindsey District Council), a cultural organisation (Magna Vitae) and a leisure operator (Mellors Group) in Skegness. The partnership will establish a new international 'Culture House' through transformation of the Embassy Theatre and regeneration of Skegness Pier and the surrounding area, providing new creative business space, pathways to creative employment and active cultural participation, and a year-round visitor economy.
- We invested over £21 million in 36 new projects through the Museum Estate and Development Fund in 2022/23. Projects that were funded in previous rounds opened their doors to the public, including Gosport Historic Diving Museum where investment from the Museums Estate and Development Fund meant that two thirds of the building have been brought back into a safe and usable condition, with improved access and more collections on display.

- We invested £4.9 million in 27 projects through the Libraries Improvement Fund in 2022/23. Capital projects supported in previous rounds that were completed this year included a new Digital & Performance Suite in Leicester's iconic St Barnabas Library with public PCs, a video editing room, film making equipment, a performance area and viewing screen. The space has allowed the library service and partners to provide performance activities and digital and production skills workshops for children, families and adults across the city.

Our investment will support towns, cities and villages to use culture to connect internationally and to reflect the diverse influences, experiences and knowledge of their diaspora communities.

- **Coventry City of Culture** – a year-long celebration which reflected the diversity of Coventry – came to an end in 2022/23. One of the programme highlights was **Rivers of the World** – collaborative artworks linking children and young people in primary and secondary schools in the UK with children and young people in partner schools in developing countries around the world.
- The annual **Yaram Masquerade Festival Tour** in Newham was funded through National Lottery Project Grants this year. It programmes world-class acts and artists from the wider West African diaspora, and caters primarily for the Senegambian diaspora communities in the area. In 2022 the festival spread its wings and went on tour to reach Senegambian diaspora communities in Coventry, Manchester, Brighton and Leeds.

A CREATIVE & CULTURAL COUNTRY

England's cultural sector is innovative, collaborative, and international

This *Let's Create* Outcome focuses on the professional cultural sector, encouraging organisations and individuals to work innovatively, collaboratively and internationally to create the best possible art and cultural content for people across this country to enjoy. To do this, the cultural sector needs to nurture and engage with talent that reflects the diversity of this country. The sector needs to work in partnership with higher and further education and the wider creative industries, and to learn from best practice across the world.

During 2022/23 we worked on several international projects designed to create links between individuals and organisations in England with their international peers.

- The **Horizon Showcase** in Edinburgh is a support, development and international showcasing programme which includes residencies, bursaries, showcasing opportunities and onward touring support. Horizon is delivered by a group of six organisations: Battersea Arts Centre, FABRIC, Fierce, GIFT, MAYK, and Transform. Early Evaluation findings already show a return on investment in international showcasing in theatre and dance.

Horizon Showcase outcomes:

33 Horizon Showcase lead artists and performers

2,531 audience members

£21,781 in box office revenue

847 employment days

- We delivered our **International Touring and Environmental Responsibility Programme** in partnership with the Danish Arts Foundation and Julie's Bicycle. The programme was designed to share inspiring approaches to environmentally responsible touring for other cultural organisations to learn from. 20 participants – 10 from the UK and 10 from Denmark – were selected

in 2022/23 from more than 90 applications to undertake a seminar programme led by Julie's Bicycle. The programme will expand next year as Arts & Culture Norway (Kulturradet) joins as a partner.

- **Cultural Bridge** helps to join up creative and cultural partnerships in the UK and Germany. In 2022/23 the pilot programme brought together Arts Council England, Creative Scotland, Arts Council Wales, Arts Council Northern Ireland, Goethe Institute London, and the Fonds Soziokultur and the British Council in Germany to support seven new collaborations across the UK and Germany. The collaborations received up to €25,000 each to start projects which explore socially engaged practice. Fifteen new Cultural Bridge partnerships were announced in January and will work together in 2023-24.

Cultural Bridge outcomes:

16 funded organisations

70 artists and practitioners

187 community participants

750 people engaged as audiences

- The **Magnetic** programme brought together eight venues in the UK and France to create artist residencies. UK-based artists are hosted by four venues in France: CAPC in Bordeaux, CRAC Occitanie in Sète, FRAC Grand Large in Dunkirk, and Villa Arson in Nice. And in the UK, French-based artists worked with: Grizedale Arts in England, Flax Art Studios in Northern Ireland, Cove Park in Scotland, and Aberystwyth Arts Centre in Wales. Magnetic will gradually build a network of partner institutions with shared commitments and values.

We also focused on driving innovation and supporting the sector to use new technologies for the creation and distribution of cultural content.

- The seventh annual showcase **Future Art and Culture** took place at SXSW in Austin, Texas, in March 2023. Developed and delivered in partnership with British Underground, Future Art and Culture builds the international profile of our cultural sector's work in arts and technology and showcased British work exploring the boundaries of art and technology. Future Art and Culture was presented through exhibitions, panel discussions, partnerships and networking events. One of the Future Art and Culture projects was **In Pursuit of Repetitive Beats** by Darren Emerson and East City Films, which was originally presented as part of the Coventry City of Culture Programme before premiering at SXSW. Alongside these innovative experiences, Future Art and Culture also curated the **UK Immersive Takeover** at UK House in Austin, which was a series of panels and discussion events with the projects' creators.

We also focused on driving innovation and supporting the sector to use new technologies for the creation and distribution of cultural content.

- The **Digital Culture Network** provides free and practical support to the cultural sector. Our Tech Champions are specialists in their fields and help the sector to explore and use the benefits of technology to achieve their goals, find new ways to reach and engage audiences, develop sustainable business models, and maximise income opportunities. See page 33 for the Digital Culture Network Key Performance Indicator data. We received excellent feedback from the sector in 2022/23:

"Rapid fire response times and top-level knowledge. As always, the DCN Champion's support was first-rate and made my challenge surmountable, and

they gave me the tools to make a solid plan of approach too...It's great to have this resource to tap into experts in their field. Once again, excellent support from DCN."

– ArtReach Trust Ltd

"We left the meeting feeling energized and excited about how we can develop our marketing. The support was outstanding."

– South Gloucestershire Council Library Service

"In the consultation, I had an opportunity to share my ideas and the challenge I face in trying to work with a medium I have no language for and very limited understanding – but a vague idea that it could be very powerful. The DCN Champion was a great listener and from the outset, gave me ideas and examples of other projects and concepts which had been brought to life using an aspect of digital technology. I have got some language now and the very early stages of knowing that it is possible to do something very exciting – bringing to life some 900-year-old carvings. I was particularly impressed that the Tech Champion had done some research before we spoke – this shortened my briefing and made the meeting efficient. Thank you."

– St Kyneburgha Building Preservation Trust

The Digital Culture Awards were held on 29 March 2023. The nine categories celebrate innovation in areas including digital content creation and distribution, online audience engagement, digital income development strategies, data-led decision-making and overall commitment to digital skills development and capacity building.

We The Curious won the Income Generation category in the 2023 Digital Culture Awards, for work on their online shop to generate income for their charitable aims. We The Curious is an educational charity and interactive science centre in the heart of Bristol's harbourside. Their gift shop aims to enhance and extend visitors' experience with products that spark curiosity while being sustainable and affordable.

We The Curious was praised for "a transformational project and a great example of internal digital upskilling for digital resilience" (Emma Roberts, Income Generation Judge).

- We invested money from the Department for Education in Music Education Hubs. They continue to be fundamental in supporting a diverse and dynamic music and music education workforce, with 11,357 staff from a range of backgrounds and skills.
- We are partnering with Bloomberg Philanthropies to manage the Digital Accelerator Programme in the UK. We are currently providing advice and support to 45 organisations of varying size, discipline and geography to enhance their digital infrastructure and skills, helping to ensure their long-term success.
- We support organisations to work innovatively and sustainably through our investment in the Arts & Culture Impact Fund. The £20 million fund is managed by the innovation agency Nesta. During 2022/23 the fund loaned £1.82 million to four organisations which the Arts Council invests in. These loans will support them to develop new projects that will benefit their communities.

Supporting individual artists, communities and cultural organisations

2022/23 was critical for creative and cultural practitioners, who are still grappling with the after-effects of the pandemic. The cultural sector is highly dependent on the talent, skills and availability of freelancers, and the Arts Council continues to provide investment and opportunities to help attract, retain and sustain individuals and organisations through National Lottery Project Grants (NLPG) and Developing Your Creative Practice (DYCP).

In 2022/23 we awarded 2,982 National Lottery Project Grants totalling £105,471,233.

The Old Market Theatre

TOMtech: Training Artists for the New Immersive

Brighton and Hove's The Old Market theatre's 2023 TOMtech programme includes the building of a large-scale, 360-degree suite where immersive programmes can be developed, as well as being used as a mid-scale touring venue.

To be able to support artists and producers to create new work, The Old Market have developed a Spatial Narrative/ Lightform lab training programme. At the end of the project, it expects to have six micro-commissions which the public can visit. The Old Market will be guided by their youth board 'Tastebreakers', giving young people from diverse backgrounds the meaningful opportunity to input into programming.

The programme will include 1927, Marshmallow Laser Feast, and musicians Soumik Datta and Halina Rice. Halina Rice delivered her training support to over 30 emerging creatives in March 2023, and performed a series of immersive gigs in the venue using the theatre's new projection equipment.

Future ambitions for the programme include working with local NHS partners to deliver social prescribed activity, and delivering an environmental-themed under water immersive experience which is tailored to suit Neurodiverse audiences, in particular those with autism, severe learning difficulties, profound and multiple learning difficulties, or dementia.

Music Managers Forum, London

The Music Managers Forum represents over 1,400 UK-based music managers. It is committed to providing long-term professional development to its members, helping them to upscale their businesses and support the widest diversity of creative talent.

Supported by National Lottery Project Grants, the Accelerator Programme for Music Managers is a ground-breaking grants and training initiative which celebrated its fourth edition in 2022. In the programme, 24 managers from across the UK receive funding of up to £15,000 from YouTube Music alongside sessions with experts and industry partners, supported by Creative Scotland and the Scottish Music Industry Association.

Almost 100 artists, songwriters, producers and DJs were supported in 2022, including:

- **Anique Cox**, who oversaw Bree Runway's astonishing rise to international acclaim
- **Rich Goodwin**, who took Rotherham's The Reytons to number one in the UK album chart
- **Rapheal Adekunle**, putting Swindon on the map by signing three acts to different major labels, alongside his phenomenal successes with S1mba,

whose breakout track *Rover* has been streamed more than 700 million times

The Accelerator Programme for Music Managers is now widely recognised as one of the UK's most successful development networks for music entrepreneurs. Previous Accelerator alumni have achieved major successes with artists including PinkPantheress, FLO, Moonchild Sanelly, Squid, ShyGirl, Moses Boyd and Wes Nelson.

We launched a **Supporting Grassroots Live Music** time-limited fund through our National Lottery Project Grants programme in 2019. A 2022/23 evaluation shows the impact that the fund has had on supporting talent within the industry and diversifying audiences[5]:

Key outcomes from the evaluation:

- **80%** (45) respondents had supported more artists
- **63%** (35) had supported a more diverse range of artists
- **63%** (35) were programming a wider range of genres
- **59%** (33) had developed a more diverse audience
- **64%** (36) had engaged more with local individuals and/or groups
- **59%** (33) worked with higher quality artists
- **34%** (19) had produced more live streamed/watch on demand content
- **43%** (24) reached a younger audience
- **63%** (35) developed crucial new relationships/networks
- **46%** (26) had improved their sound/lighting equipment
- **29%** (16) had improved their environmental performance
- **13%** (7) had improved their venue accessibility
- **38%** (21) had developed new income streams
- **45%** (25) described themselves as more financially resilient
- **41%** (23) had changed their long-term business models

Supporting freelancers

In 2022/23 we invested £14 million in freelancers through our Developing Your Creative Practice funding programme.

The 2022 evaluation of the programme showed that Developing Your Creative Practice:

- Reached a wide range of people
- Supported diversity, flexibility, and autonomy

[5] Supporting Grassroots Live Music evaluation report

- Helped practitioners to make a step change
- Supported development activity that otherwise would not have happened.

The evaluation also found that the fund has resulted in greater innovation, more development of talent, increased collaboration, improved access to international opportunities, and more sustainable and resilient careers. It has supported improved diversity in the workforce and given people the skills to progress into leadership roles.

- We invested an additional £29 million in freelancers through National Lottery Project Grants.
- In Summer 2022 a group of freelancers delivered 'Freelance Futures', a 9 week programme of events that brought together freelance practitioners, organisations, funders and policy makers to focus on improving conditions for freelancers. As well as the live conversations, workshops and discussions, resources were developed to support freelancers and organisations to help improve the conditions of freelancers working in the creative and cultural sector.

Our new National Portfolio Organisations, 2023-26:

Applicants to the 2023-26 National Portfolio were encouraged to consider how they could better support creative practitioners through their work.

There was a strong commitment from applicants to the National Portfolio to supporting creative and cultural practitioners to begin and sustain careers in the creative industries, and to supporting the development of pathways into the creative industries:

- **68% (670)** of new National Portfolio Organisations have planned activities to develop and improve pathways towards careers in the creative industries
- **71% (704)** of new National Portfolio Organisations have planned activities to give more opportunities to people to start a professional career in the creative industries, especially those who are under-represented
- **73% (721)** of new National Portfolio Organisations have planned activities to make sure that people have opportunities to sustain their careers and fulfil their potential in the creative industries, especially those who are under-represented

Our new Investment Principles Support Organisations, 2023-26:

- 10 Investment Principles Support Organisations (IPSOs) will target their support on creative and cultural practitioners specifically, including five organisations who are new to the portfolio: Deaf Explorer CIC, TheSpace CIC, MeWe Foundation, Culture Central, and PIPA
- There are also five continuing Portfolio members that will provide targeted support for practitioners: Arts Marketing Association, OutdoorArtsUK, London Arts in Health Forum, Culture, Health & Wellbeing Alliance CIC.

Graeae Theatre Company, London

We supported Graeae Theatre Company to deliver the National Leadership Programme throughout 2021 and 2022 through the Transforming Leadership Fund.

This programme aimed to establish a new generation of arts leaders and break down the barriers that independent D/deaf, disabled, and neurodivergent artists face by building connections with local and national drama schools and local arts providers. The programme did this through accredited training, leadership development, mentoring and provision of artistic space.

Graeae Theatre Company reported visible development and growth of D/deaf and

disabled artists and leaders as well as significantly increasing the network of disabled artists, noting that the different strands of activity worked together to accelerate change in the industry.

The keystone of the programme was **BEYOND**, a relationship-building and professional development activity designed to transform the careers of D/deaf and disabled artists by helping to create new connections to artistic development opportunities, advice, training, mentoring and creative spaces.

BEYOND had a national network of theatres: Cast Doncaster, Leicester Curve, Hull Truck, Live Newcastle, Northern Stage, Nottingham Playhouse, Bolton Octagon, and Shakespeare North. The programme supported 48 artists over two years – six times the target reach – and led to significant visible leadership and artistic growth among the artist cohort.

Graeae plans to extend BEYOND nationally over the next three years as a National Portfolio Organisation.

CULTURE, MEDIA AND SPORT KEY PERFORMANCE INDICATORS

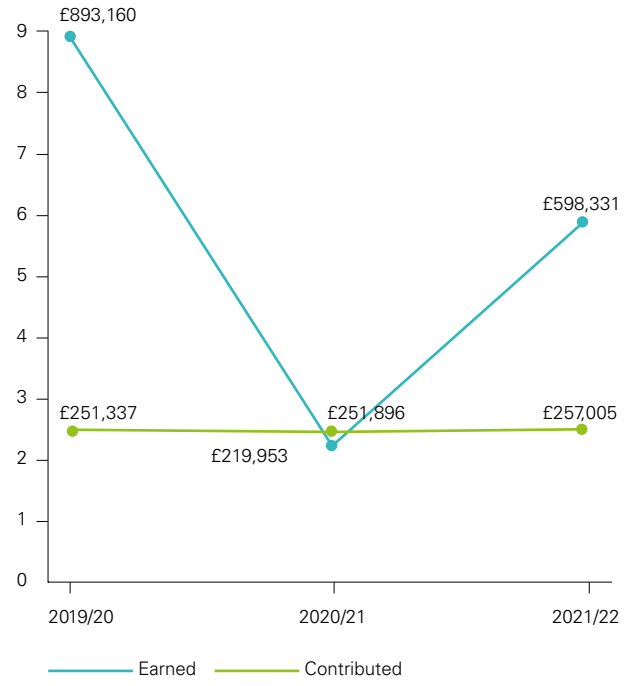
The Secretary of State for Culture, Media and Sport (DCMS) sets priorities and key performance indicators (KPIs) for Arts Council England. These performance indicators may be reviewed over the duration of the Arts Council's management agreement with DCMS. The data for the first four Key Performance Indictors (KPIs 1-4) reflect 2021/22 due to the schedule in which we collect data from our National Portfolio Organisations.

It is important to note that the data for the KPIs below applied to the 2018-23 National Portfolio Organisations (NPO). We will report on the new 2023-26 organisations in future Annual Report & Accounts.

KPI 1: Contributed and earned income in National Portfolio Organisations

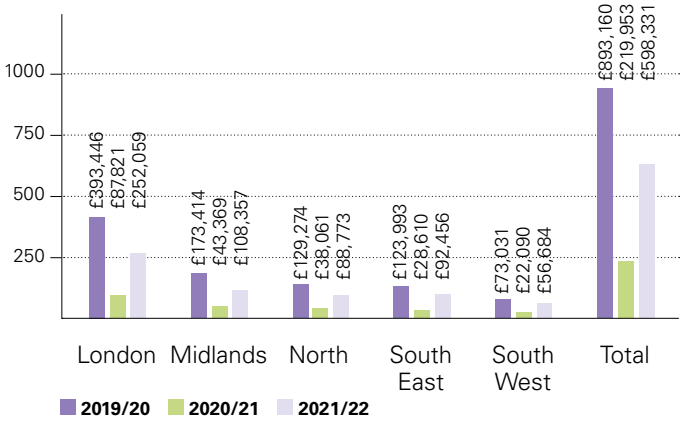
TOTAL EARNED AND CONTRIBUTED

All England (£000s):



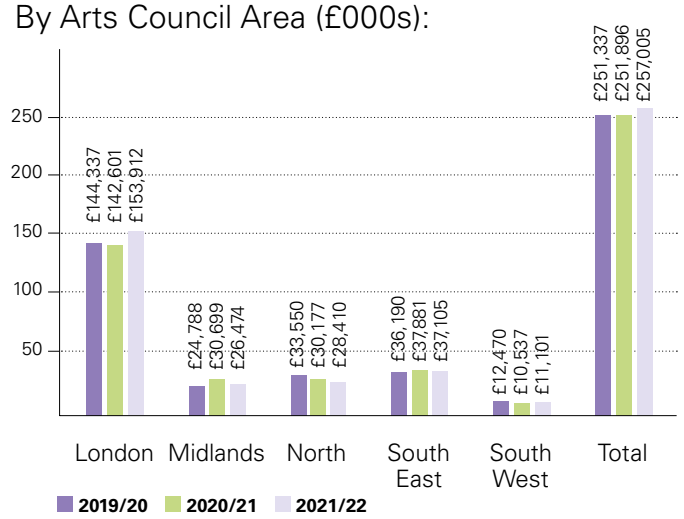
EARNED BY AREA

By Arts Council Area (£000s):



CONTRIBUTED BY AREA

By Arts Council Area (£000s):



The effects that Covid-19 had on National Portfolio Organisations continued in 2021/22. Organisations' fundraising activities often rely on bringing people together to share an experience, which stopped entirely at the start of the pandemic and reduced significantly in the year following.

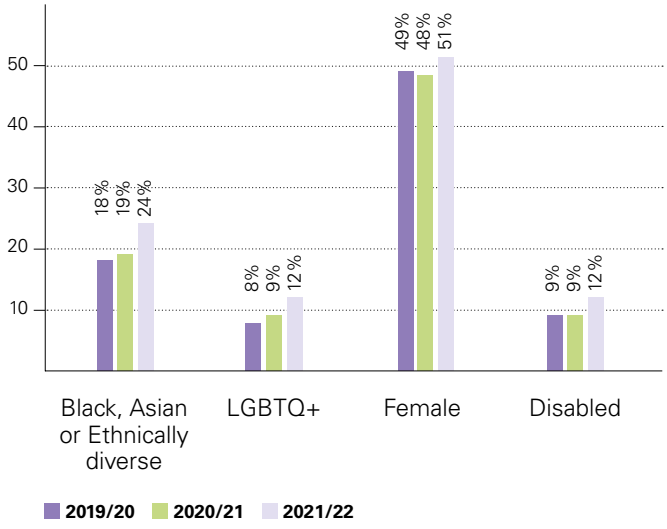
Contributed income – for example money given to an organisation as a gift or grant – was relatively stable. Cultural organisations faced lots of challenges to their business models and ways of earning income; however they have managed to fundraise through good stewardship as well as making the most of existing supporter networks, experimenting with digital fundraising tools, exploring new corporate partnerships, and campaigning for emergency funding.

Earned income has seen some recovery from its low base in 2020/21 when the nation was in lockdown, and it had decreased by 75 per cent from the year before. With lockdowns lifting, 2021/22 saw a 172 per cent increase on 2020/21 figures. While this is clearly a strong recovery, especially in London and the South East, this is still 33 per cent down from pre-pandemic figures. This is largely due to lockdown closures in the first quarters of the 2021/22 period.

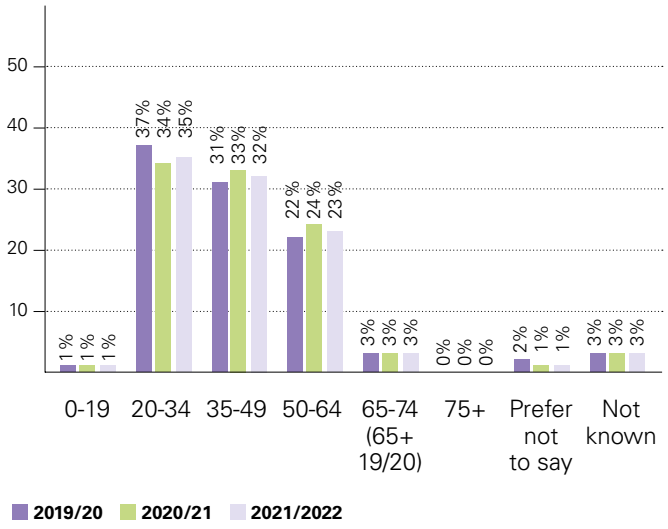
KPI 2: Percentages for each protected characteristic (Black/Asian/Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background

NPO SENIOR LEADERSHIP POSITIONS

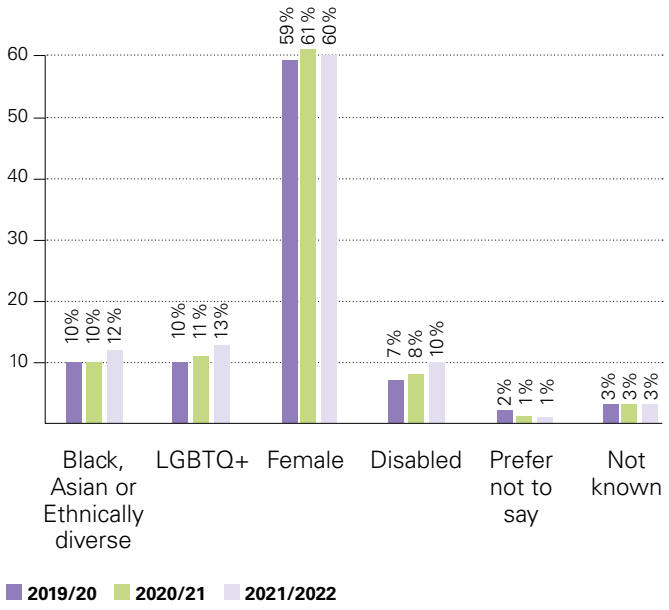
NPO BOARD



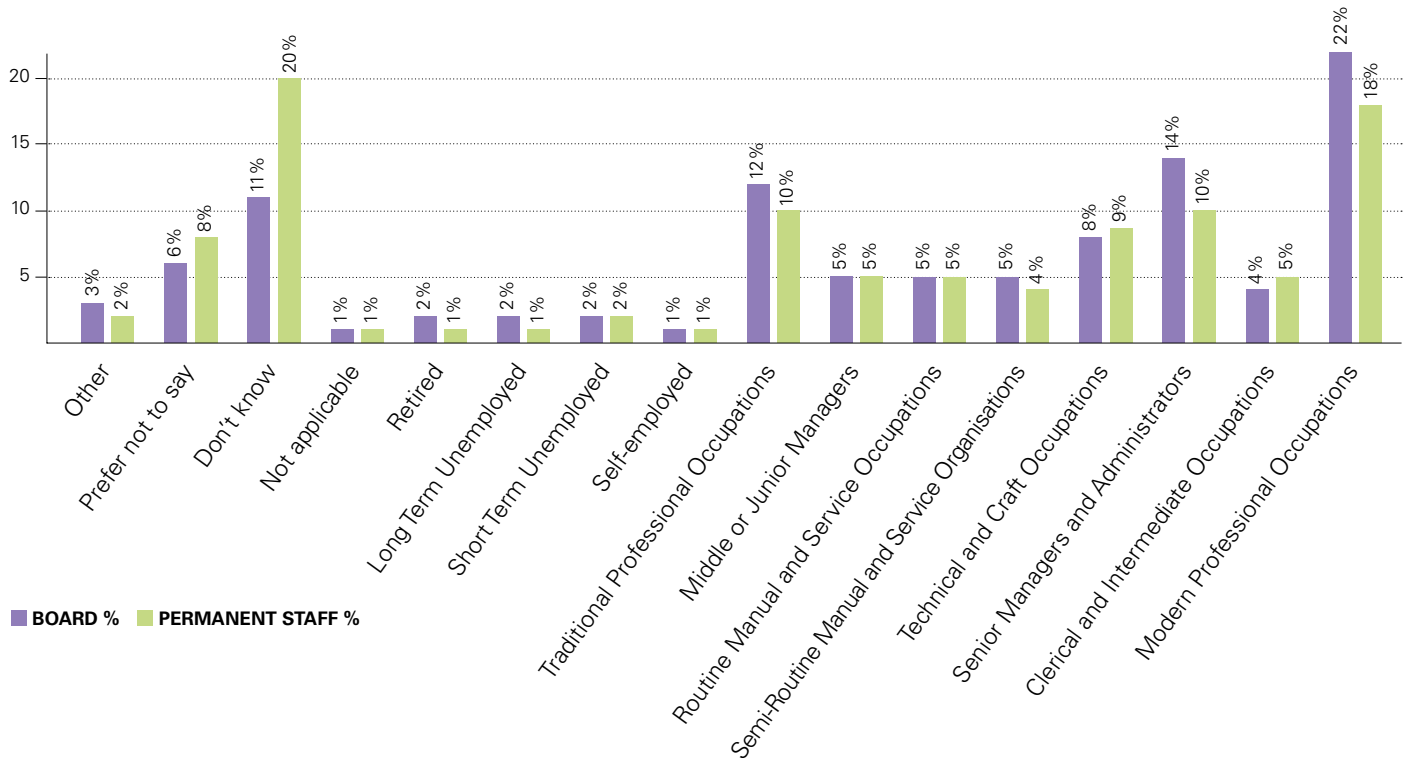
NPO PERMANENT WORKFORCE AGE SPREAD



NPO PERMANENT WORKFORCE



NPO SOCIO-ECONOMIC



We ask all National Portfolio funded organisations to provide diversity monitoring information on the leadership roles of Chief Executive, Artistic Director and Chair, which we refer to as "Senior Leadership". We regularly see a wide variety of data provided for this question, spanning a range of job titles. The senior leadership data demonstrates a notable improvement in the percentage of Black, Asian and Ethnically Diverse leadership of arts organisations which has increased to 15 per cent in 2021/22 from 8 per cent in 2018/19 for SL1 – chair or equivalent posts, from 11 per cent in 2018/19 to 16 per cent in 2021/22 for SL2 – chief executive or similar positions, and from 11 per cent in 2018/19 to 14 per cent in 2021/22 for SL3 – artistic director or corresponding roles.

We see a similar trend for disabled leadership of arts organisations, which has increased from 9 per cent to 14 per cent for SL1 – chair or similar positions, 8 per cent to 13 per cent for SL2 - chief executive or comparative roles, and 6 per cent to 11 per cent for SL3 - artistic director or nearest equivalent posts.

The positive change reflects the wider work which has taken place to develop career pathways, the Arts Council's investment in leadership programmes as well as organisations being encouraged to consider how they will diversify their workforce and leadership.

National Portfolio Organisation Boards continue to make progress in becoming more inclusive and representative of contemporary society across England. The data shows improvements across all protected characteristic categories measured against including Disability, Race, Sex and Sexual Orientation. However, there is still significant progress needed to make arts organisations, libraries, and museums more reflective of England's society as it is today in terms of their audiences and visitors, workforce and leadership. We are committed to continuing to support the creative and cultural sector as it becomes more inclusive, representative, accessible and relevant to the communities it serves across the whole of the country.

This is our first outturn of National Portfolio Organisation socio-economic data so there is no comparative data available from the portfolio.

Data on Arts Council England's staff can be found in the Staff Report section of the Annual Report and Accounts (page 73).

KPI 3: Proportion of international engagements undertaken by National Portfolio Organisations

NATIONAL PORTFOLIO ORGANISATION INTERNATIONAL TOURING

As the restrictions and impact of Covid-19 have reduced, artists and organisations have been able to resume international touring and collaboration. This can be seen in the increase in National Portfolio Organisations who have toured internationally or have a touring dimension to their work between 2020/21 and 2021/22. Organisations and individuals have adapted to the additional barriers and costs associated with working in Europe since the UK's exit from the European Union.

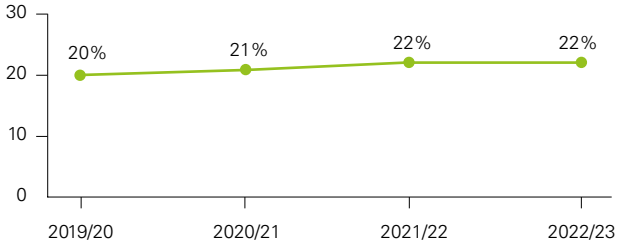
KPI 4: The total number of children and young people attending events and activities provided by Arts Council England National Portfolio Organisations in areas of low cultural engagement

	20/21			21/22		
	Known	Estimated	Total	Known	Estimated	Total
Performances	20,590	10,019	30,609	580,887	169,655	650,542
Exhibitions	36,462	3,481,975	3,518,437	237,530	186,774	424,304
Screenings	8,822	20	8,842	25,222	1,752	26,974
Festivals	1,401	6,371	7,772	12,306	21,318	33,624
Total	67,275	3,498,385	**3,565,660**	855,945	279,499	**1,135,444**

There is a marked increase seen in the known attendance of children and young people at performances, exhibitions, screenings and festivals from 2020/21 to 2021/22, which is a likely result of the lifting of restrictions that had been in place as a result of the Covid-19 pandemic. The large estimated audience for exhibitions in 2020/21 corresponds to an increased number of online exhibitions and virtual experiences for children and young people during that period. While these experiences could reach new audiences with a far wider viewership than a live event, it was challenging to count the exact audience figures for them. Audience figures are therefore estimated, instead of known. With the return of more in-person events and exhibitions in 2021/22, we can see a large increase in known audiences, corresponding with a decrease in attendance for virtual events.

KPI 5: Percent of overall Arts Council funding spent in areas of low cultural engagement as defined by the Active Lives Survey.

PROPORTION OF OVERALL INVESTMENT IN AREAS OF LOW ENGAGEMENT

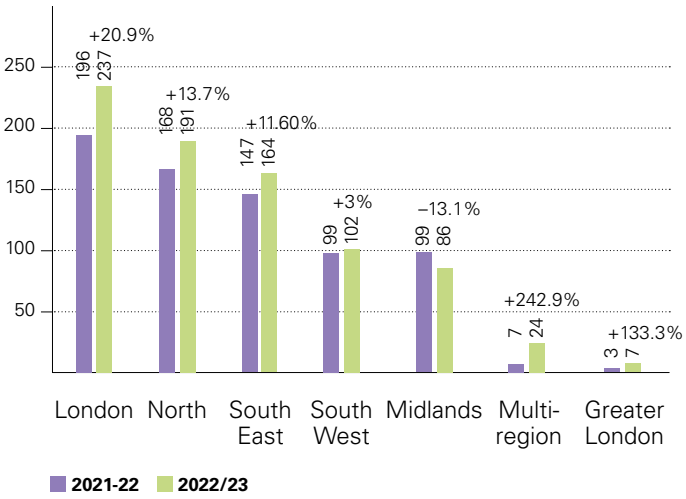


Over half of the Arts Council's investment is distributed through the National Portfolio which means that over 50% of our investment does not change year on year, but only when we run a National Portfolio investment process. This can mean that shifts in the proportion of investment in smaller funds whilst meaningful on the ground get lost when agglomerated with National Portfolio Organisation investment. We will however see a more significant shift towards investing in areas of low engagement in 2023/24 when our newly identified portfolio comes into effect.

- Funding for multi year programmes (National Portfolio Organisations, Creative People and Places etc) has been split across years based on Grantium payment schedules, all other funds are reported based on the decision year.
- 2020/21 included one-off funds such as the Emergency Response Fund and Culture Recovery Fund.
- The areas of low engagement are Local Authorities taken from the last Active Lives Survey in 2018.

KPI 6: The number of organisations and individuals engaging with the Digital Culture network (breakdown by five Arts Council Areas)

2022/23 DIGITAL CULTURE NETWORK ENGAGEMENT BY REGION WITH YEAR-ON-YEAR



As is evident by the full year results and 2022/23, the demand for support from the Digital Culture Network (DCN) continues with a total of 811 engagements in 2022/23 compared to 719 in 2021/22 (a 12.8 per cent increase). It is clear that working at full capacity, the Digital Culture Network can provide vital support for organisations where digital skills and the pace of the digital environment continue to provide challenges to organisations in the sector.

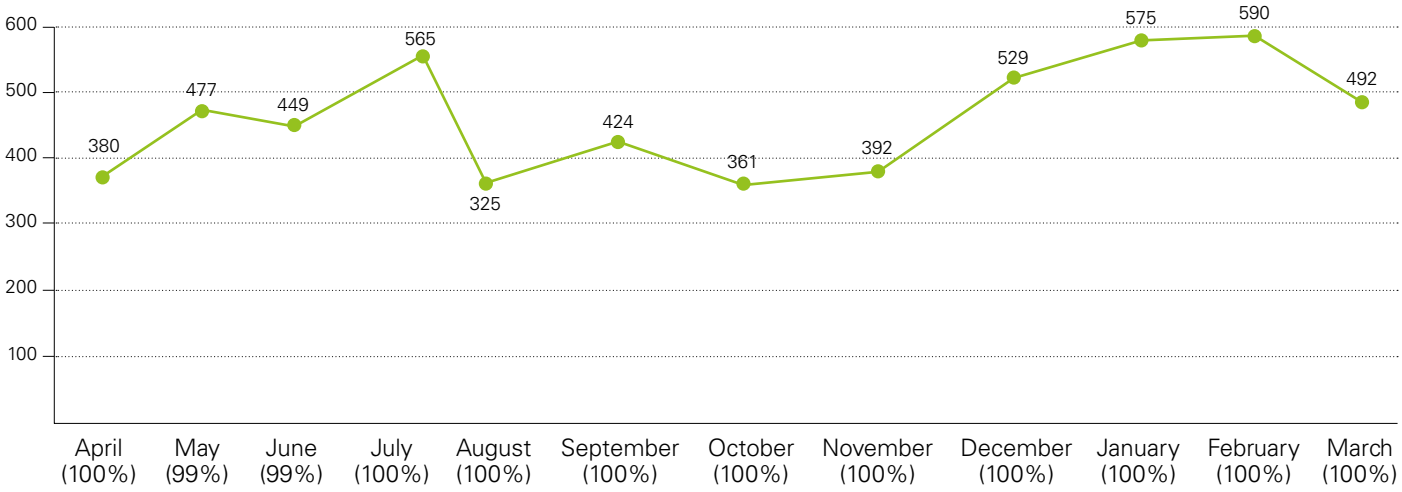
We have delivered 16 events including webinars and workshops, attended by 1,064 people, in addition to our core casework and the Digital Culture Awards which were

attended in-person and online this year. We continue to publish companion pieces and learning resources to our Knowledge Hub.

KPI 7: The Arts Council's delivery of Cultural Property functions

A: Issue export licences within five working days of the Arts Council receiving the application (unless information is missing from the application, the application needs to be referred to an Expert Adviser, or further enquiries need to be made in respect of the object's provenance)

2022/23 APPLICATIONS



B: Report to the Department for Culture, Media and Sport on the applications considered at each Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest (RCEWA) meeting within two weeks of the meeting.

Over 2022/23 the Committee considered 19 applications with an average of 78% applications considered within two weeks. Late applications were due to the complexity of the cases, and were reported to DCMS explaining the issues that arose.

C: KPI: Submit Government Indemnity Scheme claims with recommendation to the Department for Culture, Media and Sport within two weeks of receipt of all paperwork.

Over 2022/23 one claim was assessed which was received on 23 March; GIS assessed and submitted a report to DCMS with a recommendation to pay out on 17 April.

In addition to the KPI above, through the Government Indemnity Scheme in 2022/23:

- 731 indemnities were issued
- 29,203 individual works of art and cultural items were loaned
- With a total indemnity value of £21.9 billion

Without the Government Indemnity Scheme many ambitious exhibitions and loans would be financially unviable.

04.

Sustainability report

The sustainability report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts.

OVERALL PERFORMANCE

In 2022/23, CO2 related emissions from gas were broadly the same as pre-pandemic levels. This counter intuitive figure is due to the lower level of heat provided from passive sources (people, lighting, IT equipment) – a boiler plant is designed to heat buildings at a pre-determined minimum temperature so will compensate when other passive heat sources are not present. CO2 from electricity was down by about 50 per cent from pre-pandemic levels, as was travel, but these two categories are showing an upward trend in line with the gradual return to pre-pandemic levels of activity. During the year we moved our London office into a smaller non air-conditioned space thereby reducing our impact on CO2.

Our waste figures are significantly lower than pre-pandemic levels. This is due to a reduction in the use of paper as a result of an increased use of digital technology.

Our water consumption is lower than pre-pandemic levels. This is expected to reduce further once the full effect of our London office move is taken into account.

Our main focus has been to reduce the size of our estate in line with the principles set out in the Government Estate Strategy (smaller, better and greener). Our office efficiency ratio is now 6.08m²/FTE and, as a result of the London office move, we've reduced the size of the office estate by 600m² (14 per cent). We're also engaged with the GPA NetZero Programme on capital investment to reduce CO2 at our Birmingham office.

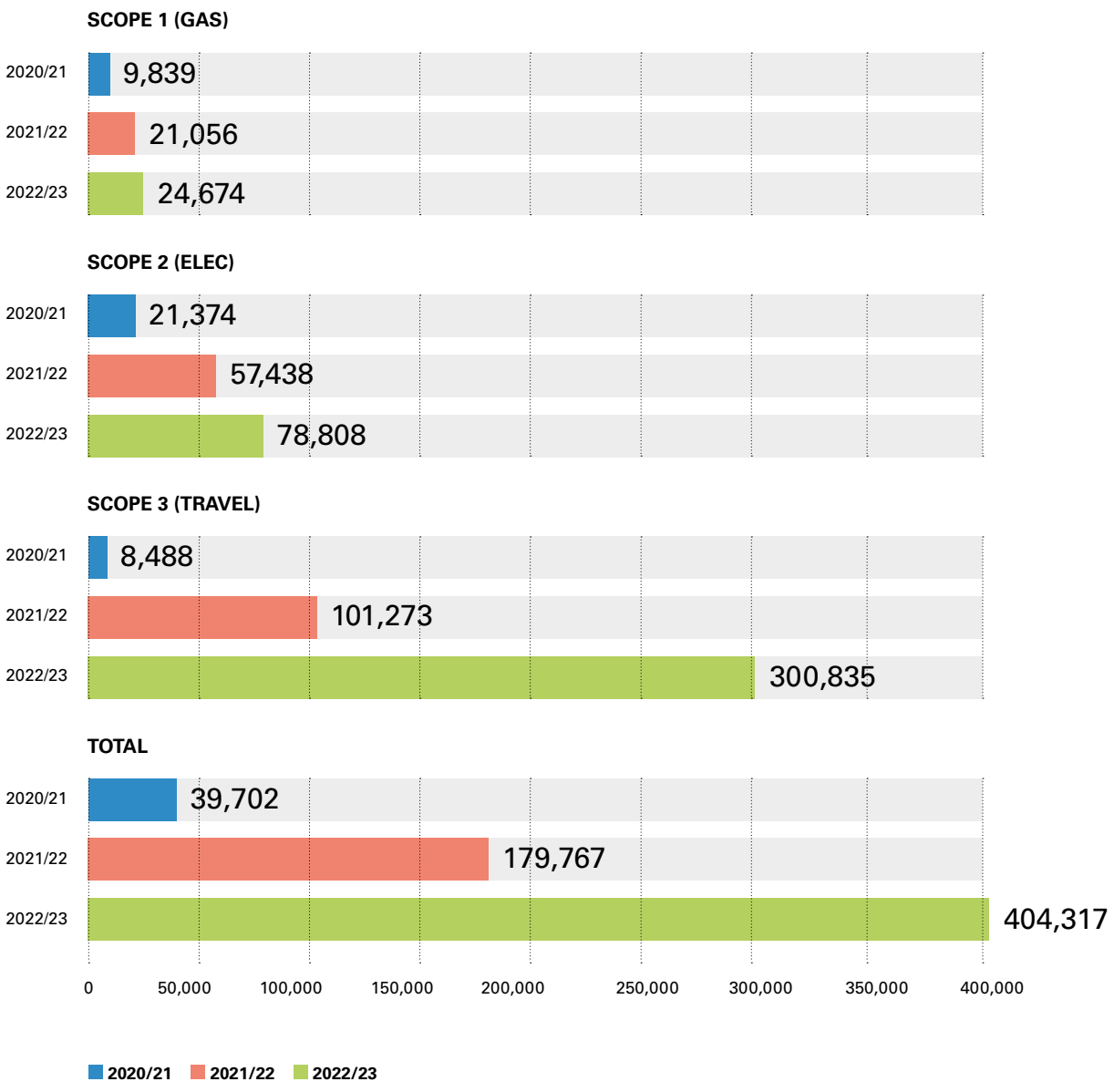
TRAVEL		2020/21	2021/22	2022/23
CO_2 (tonnes)	Rail	1	12	**38**
	Air	0	4	**11**
	Car	2	19	**27**
	Total	**3**	**34**	**77**
Cost (£)	Rail	5,618	67,203	**245,517**
	Air	0	6,100	**9,096**
	Petrol	2,871	27,970	**46,222**
	Total	**8,488**	**101,273**	**300,835**
Miles	Rail	8,349	195,654	**670,984**
	Air	0	25,008	**72,018**
	Car	7,177	69,925	**115,556**
	Total	**15,527**	**290,587**	**858,557**

WASTE		2020/21	2021/22	2022/23
Non-financial indicators (tonnes)	**Total**	17.69	164.38	**29.98**
	Landfill	0.24	0.24	**0.24**
	Reused/ recycled	17.45	164.14	**29.73**
Financial indicators (£)	**Total**	7,742	12,506	**7,615**
	Landfill	537	1,957	**2,024**
	Reused/ recycled	7,206	10,549	**5,591**

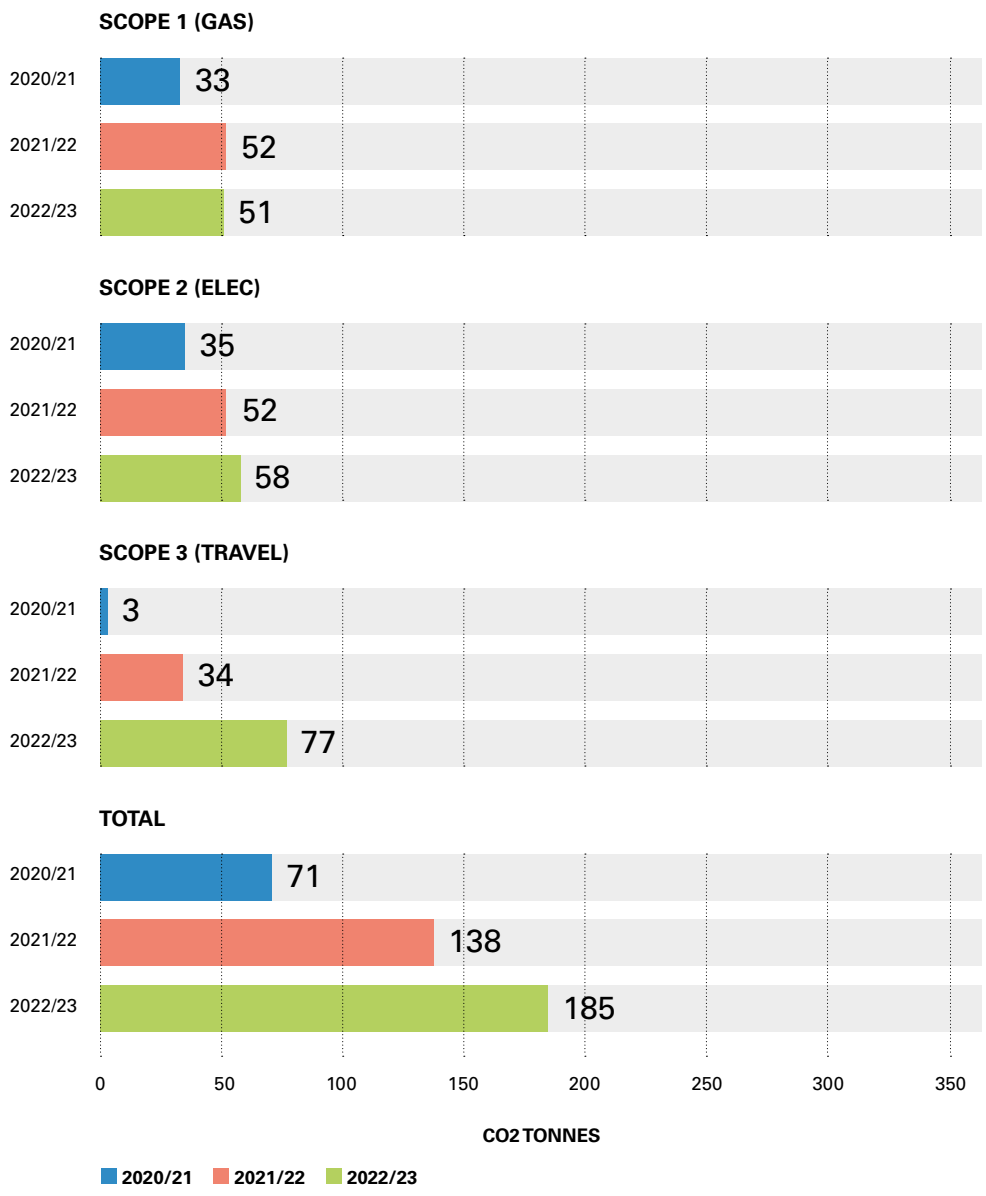
GREENHOUSE GAS EMISSIONS		2020/21	2021/22	2022/23
CO_2 (tonnes)	Total Gross Emissions (CO_2)	68	104	**109**
	Gross Emissions Scope 1 (direct)	33	52	**51**
	Gross Emissions Scope 2 (indirect)	35	52	**58**
Energy Consumption (kWh)	Electricity	123,722	245,190	**270,960**
	Gas	178,961	284,332	**280,233**
Financial Indicators (£)	Expenditure Energy	31,214	78,494	**103,482**

FINITE RESOURCE CONSUMPTION		2020/21	2021/22	2022/23
Non-financial (m3)	Supplied	1,453.41	3,004.83	**3,013.54**
	Per Full Time Equivalent (FTE)	2.57	5.31	**5.01**
Financial Indicators (£)	Water Supply Costs (Office Water)	5,685	10,490	**7,440**

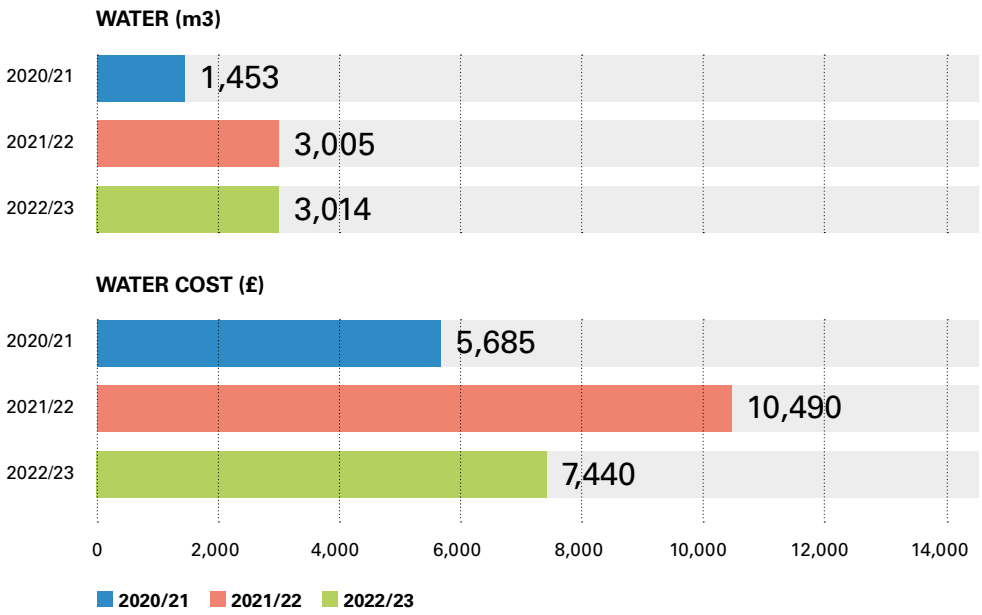
FINANCIAL EXPENDITURE (£)



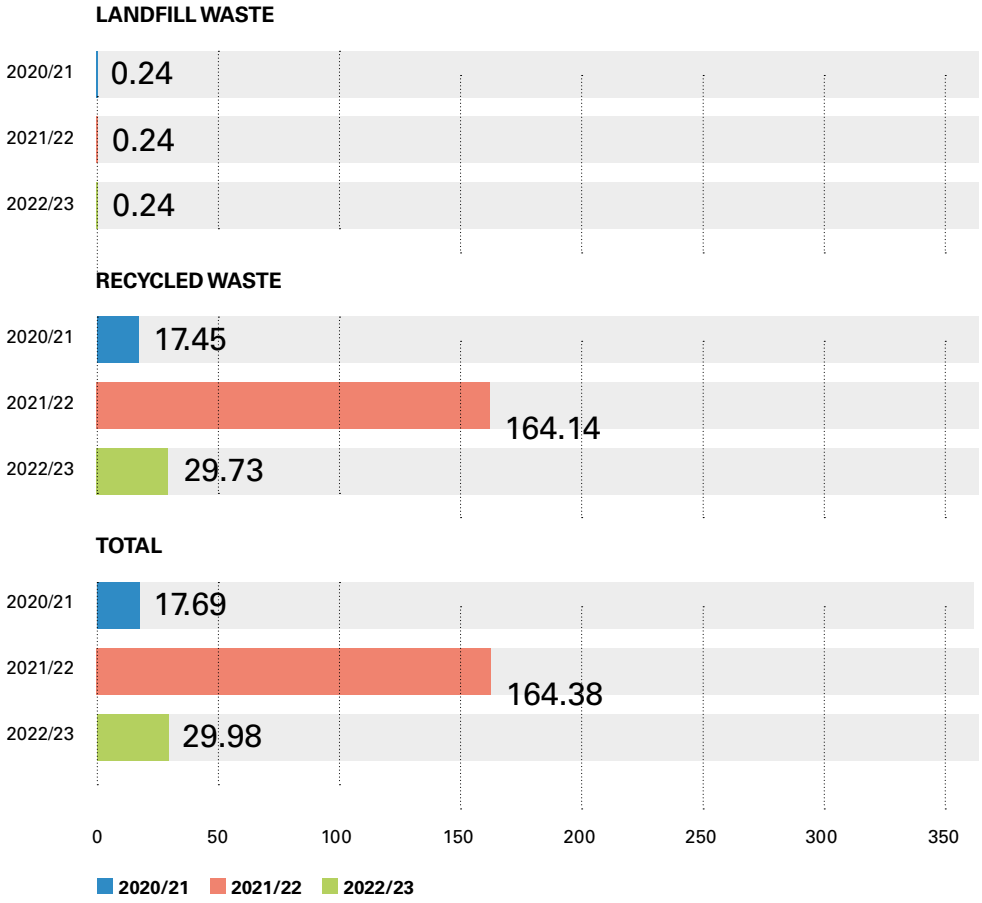
CO2 WHOLE ESTATE (TONNES)



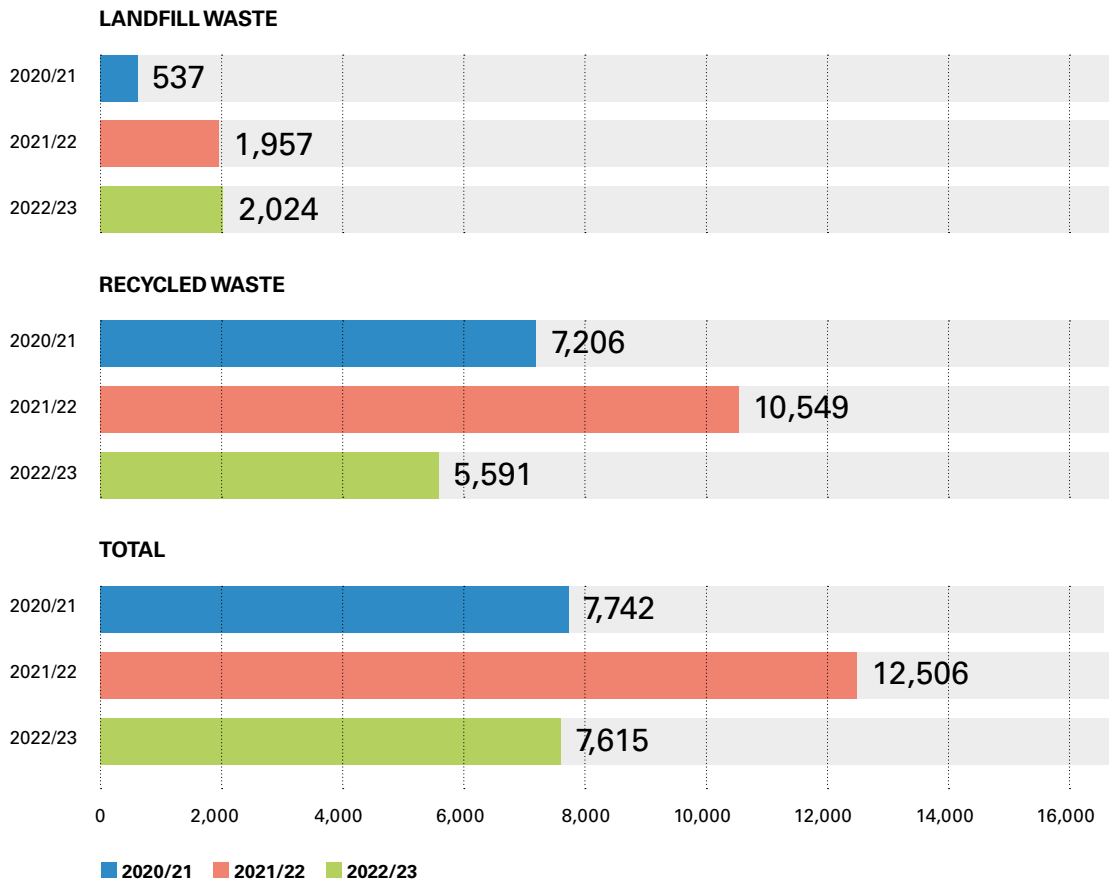
WATER USAGE (m3) AND EXPENDITURE (£)



WASTE – NON FINANCIAL (TONNES)



WASTE – FINANCIAL INDICATORS (£)



We published our initial Environmental Action Plan for the Arts Council in September last year and are now working through the relevant actions across our six Priority Areas of People, Place, Travel, Technology, Procurement, and Pension. Our environmental policy includes commitments that by 2023/24 we will have reduced our office energy use and business travel carbon emissions by 25 per cent compared with 2019/20 and we have actions in the plan relating to these targets. We have committed to refreshing the plan on an annual basis and an updated version will be published this autumn. Alongside this we will publish our carbon footprint for 2022/23.

The 2022/23 annual environmental report on the 2018-23 portfolio is also due to be published in autumn this year. The previous annual report is available here.

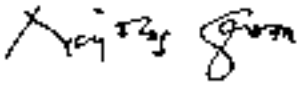
As part of our new environmental programme, Julie's Bicycle are supporting Arts Council England through the development of climate literacy e-learning. This will be rolled out to all staff this year. The 2023-26 environmental programme, in partnership with Julie's Bicycle, was launched in April. This will support organisations and practitioners to take action, with strands focusing on decarbonisation, resilience, justice and governance, to accelerate and scale our collective response to the climate and ecological crises. The first strand of the new programme, Transforming Energy, will build on the successful Spotlight programme and has a decarbonisation focus. Registration for the programme will open in the summer.

In addition, Julie's Bicycle continue to offer free carbon calculation tools through the Creative Climate Tools platform (previously the Creative Green Tools). The tools have been refreshed and a series of further updates will be implemented through to September. The Creative Climate Tools platform supports the sector in understanding their environmental impacts and where changes can be made.

Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2023), data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs for travel have been taken from those produced by DEFRA.

We will continue to monitor and report progress on KPIs that have a direct impact on carbon emissions and our efficiency targets (eg office space utilisation).

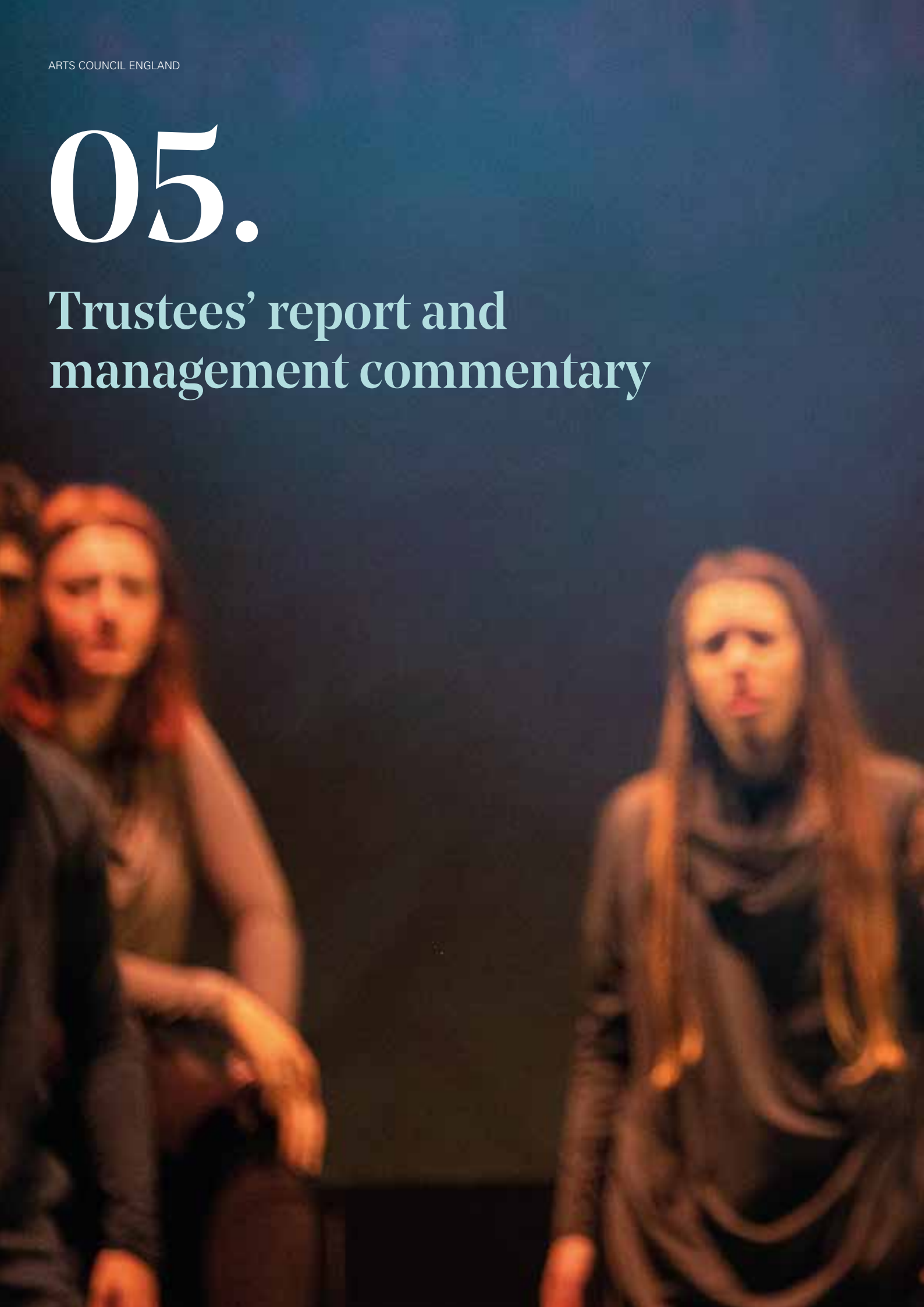
Dr Darren Henley CBE
Chief Executive
21 JUNE 2023



Sir Nicholas Serota CH
Chair
21 JUNE 2023

05.

Trustees' report and management commentary



GOVERNANCE STATEMENT

Arts Council England was established by Royal Charter on 13 March 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2022 to 31 March 2023.

ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The current objects of Arts Council England as stated in its Royal Charter are to:

- develop and improve the knowledge, understanding and practice of the arts
- increase accessibility of the arts to the public in England
- advance the education of the public and further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property
- advise and co-operate, where it is appropriate to do so, with Departments of our Government, our Scottish administration, the Northern Ireland Executive and the Welsh ministers, local authorities, the arts councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

The Royal Charter is at the core of our mission as reflected in our strategic framework, *Let's Create.*

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 12 to 34.

ARTS COUNCIL ENGLAND'S GOVERNANCE FRAMEWORK

Arts Council England is an arm's-length non-departmental public body. It is also a registered charity. Accountability to Ministers is managed through the usual control mechanisms for arm's-length bodies.

Arts Council England is regulated in accordance with a Framework Agreement agreed with the Secretary of State for Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

Arts Council England is fully compliant with relevant principles around governance best practice for public service and charitable bodies as set out in the *Corporate governance in central government departments: Code of good practice 2017.*

NATIONAL COUNCIL

Meet National Council, our non-executive board who hold overall responsibility for the governance of the Arts Council.

Abigail Pogson
National Council Member

Kate Willard OBE
North Area Chair

Andrew Miller, MBE
National Council Member

Paul Roberts OBE
Chair, Performance and Audit Committee and Chair, Remuneration Committee

Bill Bush
National Council Member

Professor Roni Brown
South East Area Chair

David Bryan, CBE
London Area Chair

Sukhy Johal, MBE
Midlands Area Chair

Deborah Shaw
National Council Member

Sir Nicholas Serota, CH
Chair
Arts Council England

Elisabeth Murdoch, CBE
National Council Member

Baroness Fleet, Veronica Wadley CBE
National Council Member

Helen Birchenough
South West Area Chair

YolanDa Brown, OBE DL
National Council Member

Jamie Njoku-Goodwin
National Council Member

SENIOR LEADERSHIP TEAM

Meet our Senior Leadership Team, comprising of senior directors, and our Executive Board members.

Abid Hussain
Director, Diversity

Irene Constantinides
National Director of Communication

Richard Russell
Chief Operating Officer

Catherine Nesus
Director, Development Agency Change Programme

Laura Dyer
Deputy Chief Executive Places, Engagement & Libraries

Ruth Alaile
Director, Governance and Planning

Dr Darren Henley, CBE
Chief Executive

Michelle Dickson
Director, Strategy

Sanj Jagait
Chief Data Officer

Emmie Kell
Director of Museums and Cultural Property

Mags Patten
Executive Director Public Policy and Communication

Sarah Maxfield
Area Director, North

Francis Runacres, MBE
Executive Director, Enterprise & Innovation

Navees Rahman
Chief Finance and Resources Officer

Simon Mellor, OBE
Deputy Chief Executive, Arts and Museums

Hazel Edwards
Area Director, South East

Peter Knott
Area Director, Midlands

Tonya Nelson
Area Director, London

Ian Matthews
Director, Human Resources and Estates

Phil Gibby
Area Director, South West

Arts Council England's Non-Executive Governance Structure

Arts Council England's governance framework consists of a National Council, five Area Councils, an Executive Board, and a number of committees and panels that National Council has delegated responsibilities to Area Councils, panels and committees as shown below:

National Council

(15 members including the Chair)

ROLE

— Govern and hold overall authority for Arts Council England
— Retain overall responsibility for the work and conduct of the organisation
— Make decisions on Arts Council England's mission, objectives, priorities and strategies
— Make decisions on grants above a certain threshold
— Monitor delivery of ten-year strategic framework
— Approve corporate plan
— Approve Grant-in-Aid and Lottery accounts

Five Area Councils

(Chairs sit on National Council, 14 other members, including local authority reps, artists, and arts and culture practitioners)

ROLE

— Advise on policy and strategy
— Make decisions and recommendations on National Portfolio applications

Museums Accreditation Committee

(16-20 members)

ROLE

— Make decisions on Accreditation status and applications from museums and galleries in the UK
— Provide quality assurance
— Advocate for the Scheme

Performance and Audit Committee

(Chair sits on National Council, four National Council members and four independent members)

ROLE

— Assess and advise on the organisation's financial risk, performance management, governance and value for money
— Performs the responsibilities of an Audit and Risk Assurance Committee

Designation Scheme Panel

(10 members)

ROLE

— Make decisions on Designation applications from museums, libraries and archives
— Provide quality assurance
— Advocate for the Scheme

Remuneration Committee

(Chair sits on National Council, four other National Council members)

ROLE

— Make decisions on senior executive salaries, bonuses and other terms and conditions

Acceptance in Lieu Panel

(6-24 members)

ROLE

— Advise on items offered to the Nation in lieu of Inheritance Tax or through the Cultural Gifts Scheme, on Conditional Exemption and on Immunity from Seizure

Arts Council Collection Acquisition Committee

(8 members)

ROLE

— Advise on new additions to the Arts Council Collection with reference to the Acquisitions and Disposal and Collections Development policy

Race Advisory Group (RAG)

(Chairs sit on National Council Area Council, Membership open to all National and Area Council members of Black, Asian or Ethnically diverse heritage, two reps from each Area. Time limited group)

ROLE

— To advise Executive Board and National Council as it seeks to implement new strategy

— To highlight emerging issues and challenges for individuals of Black, Asian and Ethnically diverse heritage in the arts and culture sector and work with Executive Board and National Council to address them

— To review and monitor the impact of ACE's policies, decisions and other actions

Disability Advisory Group (DAG)

(Chair sits on National Council, deputy chair, Membership open to all National Council and Area Council members with lived experience of disability, deafness and/or neuro-divergence. Time limited group)

ROLE

— To advise Executive Board and National Council as it seeks to implement new strategy

— To highlight emerging issues and challenges for D/deaf, neuro-divergent and disabled people in the arts and culture sector including conscious and unconscious ableism, and work with the Executive Board and National Council to address these

— To review and monitor the impact of the Arts Council's policies, decisions and other actions on D/deaf, neuro-divergent and disabled people

Non-Executive Governance

NATIONAL COUNCIL

MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience.

The composition of National Council in 2022/23 was as follows:

Sir Nicholas Serota CH
(CHAIR)

Professor Roni Brown
(SOUTH EAST AREA COUNCIL CHAIR)

Kate Willard OBE
(NORTH AREA COUNCIL CHAIR)

Helen Birchenough
(SOUTH WEST AREA COUNCIL CHAIR)

Sukhy Johal MBE
(MIDLANDS AREA COUNCIL CHAIR)

David Bryan CBE
(LONDON AREA COUNCIL CHAIR)
(FROM 1 JANUARY 2023)

Ruth Mackenzie CBE
(LONDON AREA COUNCIL CHAIR)
(UNTIL 31 DECEMBER 2022)

YolanDa Brown OBE
(FROM 15 MAY 2022)

Bill Bush
(FROM 15 MAY 2022)

Catherine Mallyon CBE
(UNTIL 25 APRIL 2022)

Andrew Miller MBE

Elisabeth Murdoch CBE

Jamie Njoku-Goodwin
(FROM 15 MAY 2022)

Abigail Pogson
(FROM 15 MAY 2022)

Paul Roberts OBE

Deborah Shaw
(FROM 15 MAY 2022)

Baroness Fleet CBE (Veronica Wadley)
(FROM 15 MAY 2022)

HIGHLIGHTS OF NATIONAL COUNCIL MEETINGS IN 2022/23

During 2022/23, National Council and its committees considered key strategic issues and routine business planning; the topics considered included:

- the "Let's Create" Delivery Plan
- Music Education Hubs
- Quarterly Investment Risk Reporting
- Development Approach to Capital
- National Portfolio programme budgets for 2022/23 to 2025/26
- National Portfolio application decisions
- Children and Young People and "Let's Create"
- Museums and Cultural Property Update
- Capital Grant in Aid awards
- Area Council Appointments
- Strategic Risk Update
- Acceptance in Lieu update

Further details about National Council's work during the year are available in the minutes from its meetings published on the Arts Council's website.

SUMMARY OF NATIONAL COUNCIL'S REVIEW OF ITS EFFECTIVENESS

On 10th May, National Council held a review of their effectiveness, which was externally facilitated with peer review support. The review session was informed by a self-assessment created by the Governance Team and a survey seeking the views of National Council and Executive Board members.

National Council felt they had a good working relationship with Executive Board and praised Nick Serota's performance as Chair, noting that he encourages an open and candid committee and has a strong relationship with the Chief Executive and Executive Board. They also expressed admiration for the leadership he had shown throughout the last year.

The following points were also raised for consideration:

- How the contributions and relationships between the National and Area Councils could evolve after the last four years, which have been dominated by developing the new strategy, the outcomes from the pandemic and handling the National Portfolio process.
- The ways in which the Race Advisory Group and Disability Advisory Group could continue to develop and feed into National Council.
- Finding more time outside of formal meetings to ensure National Council remains a cohesive team.
- Whether more use can be made of Key Performance Indicators around outcomes and change to provide National Council with a deeper understanding of Arts Council England's work.
- Exploring whether more agenda space can be found by handling routine matters and updates through other available channels.

The next steps will be a validation of the self-assessment and benchmarking by peers. Following that, a series of recommendations will be developed with National Council.

NATIONAL COUNCIL ATTENDANCES

National Council normally meets six times a year; however in 2022/23, there were additional meetings.

NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	10/10	–	1/1
Helen Birchenough	9/10	–	–
Professor Roni Brown	7/10	–	–
YolanDa Brown OBE	9/10	–	–
David Bryan CBE	2/3	–	–
Bill Bush	10/10	–	–
Sukhy Johal MBE	10/10	–	–
Ruth Mackenzie CBE	6/7	–	–
Andrew Miller MBE	10/10	–	–
Elisabeth Murdoch CBE	9/10	–	1/1
Jamie Njoku-Goodwin	8/10	3/4	–
Abigail Pogson	10/10	3/4	–
Paul Roberts OBE	10/10	4/4	1/1
Deborah Shaw	10/10	–	–
Kate Willard OBE	6/10	1/4	1/1
INDEPENDENT MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Penny Ciniewicz CB	–	3/4	–
Guillaume Fleuti	–	4/4	–
Clive Parritt	–	4/4	–
Tracy Staines	–	3/4	–

WHERE LESS THAN NINE MEETINGS IS REFLECTED IN A MEMBER'S REGISTER ABOVE, IT REFERS EITHER TO THE NUMBER OF MEETINGS THEY HAD LEFT BEFORE COMPLETING THEIR FINAL TERM AND LEAVING COUNCIL, OR THE NUMBER OF MEETINGS SINCE THEY STARTED.

* Performance and Audit Committee attendance is inclusive of four meetings from 9 June 2022 to 16 March 2023.

COMMITTEES AND SUB-COMMITTEES

Area Councils

There are five Area Councils covering the breadth of England and reflecting Arts Council England's operational structure, appointed to assist National Council in developing, championing and investing in the arts and culture.

They support and promote the organisation's mission and objectives by providing advice on draft policies, making funding decisions and acting as advocates for the arts and culture, creating a live connection at an area level.

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet five times a year.

Performance and Audit Committee

National Council has appointed a Performance and Audit Committee to review and report on the systems of risk and internal control, governance and performance management.

The Performance and Audit Committee is chaired by Paul Roberts, a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year. The Performance and Audit Committee is comprised of four National Council members and four independent members.

Key areas scrutinised by the Performance and Audit Committee during 2022/23 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets, compliance with Government Functional Standards, mid-year impact and performance, and the Arts Council's risk management processes. The Performance and Audit Committee also considered the strength of our fraud detection and our health and safety compliance and performance.

The Performance and Audit Committee undertook an annual self-evaluation of its effectiveness in March 2023. Members noted that overall the outcomes of the review that took place in March 2022 have been addressed sufficiently. Priorities for the upcoming year 2023/24 will include: reflecting on the lessons learned from the 2023-26 Investment Programme; reviewing progress in delivering actions intended to make the Arts Council a more inclusive place to work; scrutiny of the actions identified in the refreshed Delivery Plan under 'How the Arts Council will change'; oversight of the arrangements being put in place to support the Culture Recovery Fund loans programme; developing the committee's focus on performance, through deep dives on the use of data and information in the organisation; and agenda management to enable the Committee to hold extended discussions on key items.

Remuneration Committee

National Council has appointed a Remuneration Committee to deal with the matters set out in the remuneration report. The Remuneration Committee normally meets annually. Further details on this committee can be found in the Remuneration Report.

Race Advisory Group

This time limited advisory group was set up to advise Arts Council England as it seeks to deliver *Let's Create*, as well as to challenge and eliminate racism and support the sector to recover and restructure in the wake of Covid-19. Among other areas, it has advised on the priorities for the *Let's Create* Delivery Plan, the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and an organisation.

Disability Advisory Group

The Disability Advisory Group consists of D/deaf, neuro-diverse and disabled members of Area and National Councils and was set up on a time-limited basis to examine the emerging issues and challenges for those societal groups in the arts and culture sector (including conscious and unconscious ableism) and to monitor the impact of our policies and decisions. As with the Race Advisory Group above, it has also inputted into the *Let's Create* Delivery Plan, the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans and our approach to inclusivity as an employer and organisation.

Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

As Arts Council England's Accounting Officer, the Chief Executive is responsible for its overall efficiency and effectiveness and has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the internal auditors, the Deputy Chief Executives, and Executive Directors within Arts Council England, and comments from the external auditors in their management letter and other reports. The Accounting Officer may, on occasion, be required to give evidence to Parliament's House of Commons Public Accounts Committee.

Executive Board comprises of the Chief Executive, two Deputy Chief Executives, and four other Executive Directors. The Chief Executive is appointed by National Council with the approval of the Secretary of State for Culture, Media and Sport (DCMS).

Executive Board meets formally throughout the year to consider key policy, strategic and operational matters, and provide advice to National Council. It also oversees the financial performance and risk management of Arts Council England as a whole. Appropriate management structures have been created throughout the organisation to assist Executive Board members to oversee their respective departments and areas of responsibility.

Executive Board is supported by a Management Committee, a National Investment Panel, whose membership includes the two Deputy Chief Executives and the five Area Directors, and other panels and decision-making groups.

There are written terms of reference and procedures for National Council and its sub-committees and Executive Board.

MEMBERSHIP OF EXECUTIVE BOARD IN 2022/23

NAME	JOB TITLE
Dr Darren Henley CBE	Chief Executive
Laura Dyer MBE	Deputy CEO, Places, Engagement & Libraries
Simon Mellor OBE	Deputy Chief Executive, Arts & Museums
Elizabeth Bushell	Executive Director and Chief Financial Officer (until November 2022)
Mags Patten	Executive Director, Communication & Public Policy
Navees Rahman	Chief Finance and Resources Officer (from March 2023)
Richard Russell	Executive Director and Chief Operating Officer
Francis Runacres MBE	Executive Director, Enterprise and Innovation

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

National Council ensures there are effective arrangements for internal control including risk management at Arts Council England. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and yet economically.

The Arts Council takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe that it is important that we support and encourage innovation and can take managed risks in support of our mission.

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes
- Operational: risks to the delivery of the themes set out in our Delivery Plan
- Programmes/Projects Risk: risks to the delivery of individual programmes, projects and to particular areas of our work

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives.

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion culture.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. None of these can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

Acceptance of risk is always subject to ensuring that potential benefits and opportunities – and risks – are fully understood before decisions are made, and that sensible measures to mitigate risk are established.

System for managing risk

The Department for Culture, Media and Sport (DCMS) has designated the Chief Executive of Arts Council England as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation. Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how Arts Council England monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

Arts Council England has in place a wide range of policies dealing with control issues for corporate governance, financial management (including counter fraud), project management, health and safety, training and development, information technology, and risk management, all of which are reviewed and updated periodically as part of the organisation's business planning process.

Arts Council England operates a range of controls over the funding programmes it operates to ensure the grant funding provided is used for the purposes intended. These controls are designed to be commensurate with the level of risk associated with each funding programme and the organisation's appetite for risk. The controls include ensuring signed funding agreements are in place, monitoring payment conditions before payments are released, reviewing activity returns and regularly monitoring risks to funded organisations.

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually.

During 2022/23, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter.

We reported quarterly to Executive Board and Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis, with progress on implementing relevant controls and mitigating actions reported to the Executive Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

The arts and culture sector that we support, like all other sectors of the economy, is still in the process of rebuilding post the pandemic. The future outlook for the sector is impacted by cost pressures, and the general economic environment.

The major risks to the achievement of our role as the National Development Agency for creativity and culture and our strategy, *Lets Create*, are set out below:

Economic pressures continue to impact the sector and our ability to deliver *Let's Create*

Inflationary pressures across the UK, supply chain issues, and the increased cost of building materials, as well as energy costs and pay pressures resulting from inflation, could limit the cultural sector's ability to deliver the strategy and impact on Capital development projects.

The Arts Council is working with organisations to deliver at a level appropriate to funding, taking inflation into account. We continue to increase our understanding of the data concerning the financial impact on the sector and make the case to Government on intervention and the impact of inflationary pressures.

Travel regulations and restrictions, and rising freight and fuel costs, impact on international touring, an important source of income for the sector

Increases in global freight cost, cost of travel and insurance have the potential to reduce the sector's ability to tour internationally, resulting in loss of income and exposure outside of the UK.

To help aid international touring, we encouraged organisations to apply for international touring work through the over £30,000 Touring strand of National Lottery Project Grants. The Arts Council is also working to build international partnerships. We are a member of the On the Move organisation which promotes artist access and helps inform the sector and navigate touring difficulties. Additionally, we have established new network partnerships with the Nordic and Baltic states and have initiated bilateral partnership projects with Germany, France and Italy.

Funding pressure on Local Authorities, which leads to reduced local investment in the arts and culture and reduced local momentum to deliver *Let's Create* outcomes

Economic and inflationary pressures are also severely impacting on local government, the largest investor in the arts and culture sector in England. This has exacerbated our concerns over the possibility of further reductions in local authority investment. We will continue to work with the Local Authorities, elected Mayors, the Local Government Association, the Ministry of Housing, Communities and Local Government, Local Enterprise Partnerships and others to maintain libraries, museums and arts organisations, and make the case for the vital role that they play in our local communities.

We are not seen as responding appropriately to issues around equality, diversity and inclusion by colleagues and external stakeholders

To address this risk, we developed a set of Equality Objectives to inform all our work and we are monitoring our progress in delivering them. We have set internal targets for our staff diversity to ensure that the Arts Council reflects the communities it supports. (see Performance Report for more details).

We publish an annual Equality and Diversity report which assesses the diversity of audiences, leaders, producers and creators of creativity and culture. We measure our progress by collecting, analysing and reporting on data relating to equality and diversity of the work, organisations and projects that we fund.

In 2022-23, the Arts Council commissioned an independent review of Equality, Diversity and Inclusion within Arts Council England, and have appointed the Nous Group to undertake a review of the Arts Council's internal culture, policies and practices. We expect it to report in Summer 2023.

Our future income

Our two main sources of income are Exchequer Grant-in-Aid and funding from the National Lottery.

We continue to monitor the impact of the economy on our National Lottery income, together with the potential impact of the transition to a fourth National Lottery licence in February 2024.

Data security and personal data

Arts Council England continues to maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

There were no major security incidents involving data at the Arts Council during 2022/23. During this period, 22 personal data security breaches were reported. One personal data breach was reported to the Information Commissioner's Office (ICO). The ICO considered our report and concluded that the actions we took to mitigate the breach were sufficient and so decided not to take any further action. The Arts Council dealt with all incidents immediately; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

Our Senior Information Risk Owner chairs the Information Governance Subcommittee which oversees the framework and processes in place to monitor information assets and associated risks along with developing a culture of awareness among all staff. The subcommittee is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. There was one whistleblowing claim during 2022/23 which was investigated and not upheld.

UK sanctions against Russia

As a result of the war in Ukraine, Government departments were asked to review their business arrangements to ensure that they were not involved in any contracts or transactions which would breach the sanctions placed on certain individuals who were deemed to have close links with the Russian government. Arts Council England reviewed its finance and grants systems and confirmed that no transactions had taken place with sanctioned individuals or organisations. The Arts Council issued a statement on the Russian invasion of Ukraine on 11 March 2022 which can be read here.

Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including arm's-length bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services. For 2022/23, we complied with all of the mandatory requirements of these standards relevant to our operations with the exception of one aspect of Functional Standard 007: Security. We do not currently use the Government classification markings but plan to introduce these as part of our new records management system.

Conflicts of interest

As a public body we have a code of ethics that makes sure all staff adhere to the Seven Principles of Public Life, the Bribery Act 2010 and the Government rules on code of conduct in non-departmental public bodies. In particular, staff are required:

1. to act, and be seen to act, with independence and impartiality while working for the Arts Council
2. to take steps to avoid conflicts of interest, by registering and declaring any conflicts between personal interests and the work of the Arts Council as they arise

A register of interests for all National Council and Executive Board members is available at the following link:

https://www.artscouncil.org.uk/national-council/national-council-register-interests

In March 2021 the Government also issued the *12 Principles of Governance for all Non-Executive Directors of Public Bodies:*

https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

Internal audit

The annual programme of internal audit work is carried out by an external firm of accountants to standards defined in the Public Sector Internal Audit Standards. The work of internal audit is informed by the risk register, an assessment of the assurance requirements – particularly on the most significant risks facing Arts Council England – and the key day-to-day processes and systems in place. The annual internal audit plan is based on this analysis. It is endorsed by Management Committee and approved by the Performance and Audit Committee. The internal auditors receive all Performance and Audit Committee papers and attend the Performance and Audit Committee meetings.

They provide periodic progress reports including the findings of follow-up reviews, building up to an annual report on internal audit activity. This annual report includes the internal auditors' opinion on the overall adequacy and effectiveness of the systems that internal audit have reviewed. The Performance and Audit Committee reviews and discusses the progress report and the annual assurance report. Internal audit services are being provided by RSM.

In their 2022/23 annual report, RSM stated that, in their opinion:

> "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective."

Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A review of the effectiveness of our system of internal control has taken place. National Council and the Performance and Audit Committee have been advised about the findings in the review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Assessment of the effectiveness of internal control during 2022/23

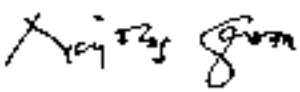
The effectiveness of the Arts Council's internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit Committee. This is supported by a programme of internal audit reviews.

For 2022/23, internal audit completed reviews of the following areas:

1) Post Event Assurance – CRF2
2) PHSO Complaint review
3) PAC CRF Advisory Review
4) Post Event Assurance – CRF3
5) National Portfolio Organisations decision making
6) Finance System Implementation Post-Implementation Review
7) Safeguarding Considerations within Funding
8) Follow Up reviews
9) Cyber Security Follow Up (including Security Functional Standard Review

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2022/23 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.

Dr Darren Henley CBE
Chief Executive
21 JUNE 2023



Sir Nicholas Serota CH
Chair
21 JUNE 2023

GRANTS TO LOCALLY GOVERNED ORGANISATIONS

All grants awarded by Arts Council England are subject to funding agreements with clearly laid out terms and conditions. We satisfy ourselves that relevant conditions are met before payment is made.

PUBLIC SECTOR INFORMATION

On 1 April 2009 Arts Council England became a provider of official statistics under the extended scope of the Statistics and Registration Act 2008. This means that when Arts Council England produces, manages and disseminates official statistics we strive to abide by the Code of Practice for Official Statistics published by the UK Statistics Authority in January 2009.

The code sets out a number of important principles and practices to ensure that the official statistics meet the needs of Government and society and are both trustworthy and trusted.

BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2022/23,100 per cent of invoices were paid within 30 days (2021/22: 100 per cent) and we paid 94 per cent per cent of invoices within five days (2021/22: 97.6 per cent).

CORPORATE INFORMATION

Principal address as at 31 March 2023
The Hive
49 Lever Street
Manchester
M1 1FN

Banker
Government Banking Service
National Westminster Bank plc
Premier Place
Devonshire Square
London
EC2M 4BA

Auditor
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Administrators, actuaries and investment advisers to the Arts Council Retirement Plan

Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

Administrators, actuaries and investment advisers to the West Yorkshire Pension Fund

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors
A number of specialised solicitors have been appointed to our external solicitor pool.

06.

Remuneration and staff report 1 April 2022 – 31 March 2023

PART-AUDITED INFORMATION

The remuneration report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts. The salary and pension disclosures for senior staff, the disclosures required by the Hutton Review and the Compensation Scheme – Exit Packages have been audited.

THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting on 18 May 2022 where decisions were taken about 2021/22 Executive Board and CEO remuneration, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Elizabeth Murdoch and Kate Willard.

COUNCIL MEMBERS' REMUNERATION (AUDITED)

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council Chairs, and our National Chair. Remuneration amounts are set by the Department for Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also Chairs of Area Councils were entitled to remuneration of £6,858 each per annum during 2022/23 (2021/22: £6,659). During 2022/23, six members of National Council served as Area Council Chairs. The Chair's salary for the period 2022/23 was £40,000 (2021/22: £40,000). Remuneration and expenses paid to National Council members are shown in the table on the next page.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

For 2022-23 the Arts Council's Remuneration Committee awarded an annual pay increase of £1,093 for the Executive Board. This is in line with the annual pay increase awarded to staff for the year. The CEO opted not to take a consolidated salary increase. The Remuneration Committee also agreed a non-consolidated performance bonus of £2,000 for each Executive Director. The CEO was awarded a non-consolidated performance bonus of £17,499 which he opted not to receive. £10,000 of this sum was distributed to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from backgrounds where it is unusual to enter higher education. The remaining amount was distributed to the Arts Council's Staff Development Fund.

NATIONAL COUNCIL MEMBERS – SALARY & EXPENSES (AUDITED)	POSITION	SALARIES	EXPENSES	TOTAL	TOTAL 21/22
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£1,335	£41,335	£40,909
Professor Roni Brown	Chair – South East Area Council	£6,858	£155	£7,014	£7,074
Kate Willard OBE	Chair – North Area Council	£6,858	–	£6,858	£6,659
David Bryan CBE	Chair – London Area Council	£1,715	–	£1,715	–
Ruth MacKenzie CBE	Chair – London Area Council (left 31 December 2022)	£5,144	£138	£5,282	£6,659
Helen Birchenough	Chair – South West Area Council	£6,858	£1,390	£8,248	£7,529
Sukhy Johal MBE	Chair – Midlands Area Council	£6,858	£346	£7,205	£6,797
Andrew Miller MBE	Member	–	£1,107	£1,107	£114
Elisabeth Murdoch CBE	Member	–	–	–	–
Paul Roberts OBE	Member	–	£571	£571	£346
Bill Bush	Member	–	–	–	–
YolanDa Brown OBE	Member	–	–	–	–
Abigail Pogson	Member	–	£231	£231	–
Deborah Shaw	Member	–	£709	£709	–
Baroness Fleet, Veronica Wadley CBE	Member	–	£464	£464	–
Jamie Njoku-Goodwin	Member	–	–	–	–
Other expenditure		–	£743	£743	£3,665
		£74,291	**£7,189**	**£81,480**	**£79,752**

MEMBERS RESIDE IN DIFFERENT PARTS OF THE COUNTRY AND THEREFORE THEIR EXPENSES WILL VARY ACCORDINGLY.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley CBE Chief Executive	**2022/23** 2021/22	150 150	– –	– –	30 30	**180** **180**
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	**2022/23** 2021/22	127 126	– –	2 –	25 25	**154** **151**
Simon Mellor OBE Deputy CEO (Arts & Museums)	**2022/23** 2021/22	127 126	5 5	2 –	25 25	**159** **156**
Elizabeth Bushell* Chief Finance Officer	**2022/23** 2021/22	73 112	4 2	2 –	14 22	**93** **136**
Navees Rahman** Chief Finance & Resources Officer	**2022/23**	9	–	–	2	**11**
Mags Patten Executive Director (Public Policy & Communications)	**2022/23** 2021/22	114 112	– –	2 –	23 22	**139** **134**
Francis Runacres MBE Executive Director (Enterprise & Innovation)	**2022/23** 2021/22	114 112	– –	2 –	23 22	**139** **134**
Richard Russell Chief Operating Officer	**2022/23** 2021/22	113 112	– 4	2 –	23 22	**138** **138**

* ELIZABETH BUSHELL LEFT IN NOVEMBER 2022 AND THEREFORE THE SALARY SHOWN ABOVE IS FOR ONLY PART OF THE YEAR. HER FYE SALARY WOULD HAVE BEEN £113K

** NAVEES RAHMAN STARTED IN MARCH 2023 AND THEREFORE THE SALARY SHOWN ABOVE IS FOR ONLY PART OF THE YEAR. HIS FYE SALARY WAS £114K

The Hutton Review asks organisations to disclose the median remuneration of Arts Council England's staff and the ratio between this and the remuneration of the highest paid Director. The following calculation is based on the full-time equivalent staff number at the reporting period end date on an annualised basis and compares this to the normal annual remuneration of the Arts Council's CEO, Darren Henley.

HUTTON REVIEW DISCLOSURES – (AUDITED)

	2022/23 £	2021/22 £
Highest paid Director's remuneration	**149,736**	149,736
Median remuneration	**33,708**	32,615
Ratio	**4.44**	4.59
Upper quartile	**44,697**	43,604
Ratio	**3.35**	3.43
Lower quartile	**29,850**	27,672
Ratio	**5.02**	5.41

THE RANGE OF STAFF REMUNERATION DURING THE YEAR WAS £20,021 TO £149,736 (2021/22: £18,928 TO £149,736). THE "HIGHEST PAID DIRECTOR'S REMUNERATION" DID NOT CHANGE COMPARED TO 2021/22 AS THE CHIEF EXECUTIVE DID NOT RECEIVE A PAY AWARD. ALL OTHER STAFF RECEIVED A FLAT-RATE PAY INCREASE OF £1,093. NO BENEFITS ARE PAID TO EMPLOYEES SO ALL AMOUNTS AND RATIOS QUOTED RELATE TO SALARY COMPONENTS. THE MEAN AVERAGE SALARY DURING 2022-23 WAS £37,014 (2021-22 £35,383) A 4.6 % INCREASE.

STAFF COSTS (AUDITED)

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
Staff costs comprise:					
Salaries and wages	27,658	3,327	11,431	12,900	10,512
Employer's National Insurance	2,676	357	1,075	1,244	1,100
Employer's pension contributions	4,516	612	1,802	2,102	1,975
Redundancy Costs	170	–	55	115	2
Agency staff	549	154	89	306	156
	35,569	4,450	14,452	16,667	13,745

EMOLUMENTS BY BANDS (AUDITED)

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

	PENSION SCHEME			
EMOLUMENTS FOR THE YEAR	DEFINED BENEFIT	DEFINED CONTRIBUTION	NO PENSION	TOTAL 2022/23
£60,000-£69,999	**15**	**2**	**–**	**17**
£70,000-£79,999	**6**	**1**	**–**	**7**
£80,000-£89,999	**11**	**–**	**–**	**11**
£90,000-£99,999	**2**	**–**	**–**	**2**
£110,000-£119,999	**2**	**–**	**–**	**2**
				39

COMPENSATION SCHEME – EXIT PACKAGES (AUDITED)

Details of redundancies and other exit packages agreed during 2022/23 are as follows:

EXIT PACKAGE COST BAND	2022/23			2021/22		
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2021/22
< £9,999	1	–	**1**	1	–	1
£10,000 – £24,999	–	–	**–**	–	–	0
£25,000 – £49,999	3	–	**3**	–	–	0
£50,000 – £99,999	1	–	**1**	–	–	0
£100,000 – £149,999	–	–	**–**	–	–	0
Total number of exit packages by type	5	–	**5**	1	–	1
Total resource cost £000s	170	–	**170**	8	–	8

Redundancy and other departure costs have been paid in accordance with the provisions of the Arts Council's job security policy. The Arts Council pays exit costs when employment ends but provides for exit costs at the point when there is sufficiently detailed information to do so.

TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

In accordance with HM Treasury guidance on disclosure, the following disclosures set out the number of interim staff and the assurances given about tax status.

There were no new off-payroll engagements during 2022/23 for more than £245 per day and that had lasted for longer than six months.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2022 and 31 March 2023, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023.

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	–
Number of individuals who have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year	9

TRANSFER VALUES

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The calculation of the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Arts Council Retirement Plan. They also include any additional pension benefit accrued to the member as a result of buying additional pension benefits at their own cost. Transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

INCREASE IN TRANSFER VALUE (NET OF INFLATION) (AUDITED)

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2023 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2022/23 £000s	TRANSFER VALUE AT 31 MARCH 2023 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2022/23 £000s	TRANSFER VALUE AT 31 MARCH 2022 £000s
Darren Henley CBE Chief Executive	24 (73)	– (-1)	229	-15	342
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	55 (164)	-3 (-10)	694	-51	940
Simon Mellor OBE Deputy CEO (Arts & Museums)	25 (76)	-1 (-2)	452	-20	493
Elizabeth Bushell Chief Finance Officer	34 (103)	-1 (-3)	313	-17	485
Mags Patten Executive Director (Public Policy & Communications)	24 (73)	– (-1)	248	-17	358
Francis Runacres MBE Executive Director (Enterprise & Innovation)	31 (93)	-1 (-4)	519	-30	598
Richard Russell Chief Operating Officer	48 (143)	-3 (-8)	620	-45	820
Navees Rahman Chief Financial & Resources Officer	– –	– –	1	–	–

CETV FIGURES ARE CALCULATED USING THE GUIDANCE ON DISCOUNT RATES FOR CALCULATING UNFUNDED PUBLIC SERVICE PENSION CONTRIBUTION RATES THAT WAS EXTANT AT 31 MARCH 2023. HM TREASURY PUBLISHED UPDATED GUIDANCE ON 27 APRIL 2023; THIS GUIDANCE WILL BE USED IN THE CALCULATION OF 2023-24 CETV FIGURES.

The above table shows the increase in transfer value that is funded by the employer net of the increase in accrued pension due to inflation. This increase also excludes contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement or purchased via an Additional Voluntary Contribution contract) and uses common market valuation factors for the start and end of the period.

Staff Report

As Covid-19 restrictions relaxed in early spring 2022, we re-opened our offices to colleagues and set out guidance for new hybrid working for all staff. These included regular team contact days in the offices, with a continuation of virtual meeting practices in those circumstances which would benefit from a fast and effective way of getting colleagues in disparate locations together. This has created considerable savings in our travel budget and has been received well by most colleagues, who value the flexibility it gives them.

Over the course of the year, our headcount has fallen from 679 to 643. The organisation had flexed from 2020 to provide extra resource in support of the Cultural Recovery Fund and other new and critical programmes, with new secondments and fixed-term contract roles created to support this. These have now drawn to a close. Our voluntary leaver rate was 13.2 per cent (85 from 643 contracted staff and 79 new colleagues joined the organisation in this year).

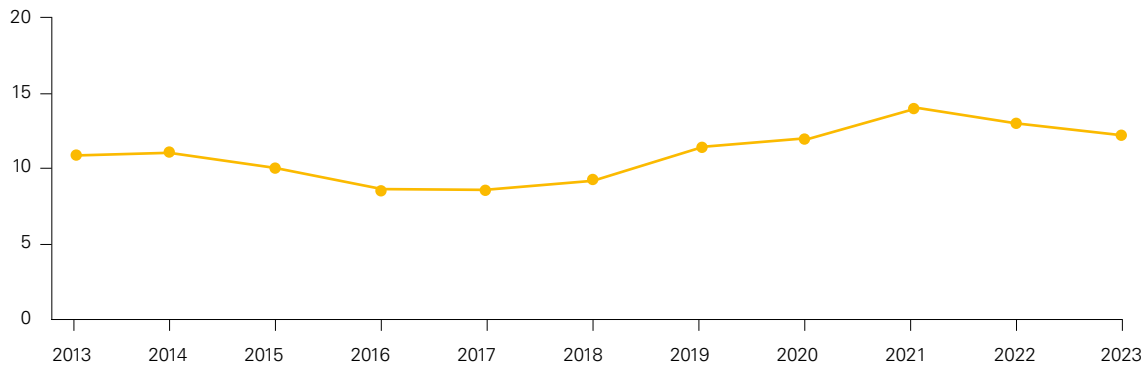
In 2022/23 some initiatives we launched in our own people space included:

- An external review into our inclusion and diversity work and climate. Results and recommendations from this are expected in summer 2023
- Improved policies and platforms for colleagues to flag up and implement workplace adjustments for their access needs
- A review of how we can adjust roles and responsibilities to align with our need to become an organisation that develops as well as funds the arts and culture sector
- Ongoing developments in our recruitment process and platforms to build on the diversity of our workforce
- Commencement of a review of access for Disabled, Deaf and Neurodiverse colleagues across all areas of the organisation
- We began collecting data on the socio-economic background and neurodiversity of our people, as a benchmark for future EDI initiatives in this area
- The development of new policy and learning and development in key EDI subject areas

In 2022/23, the Civil Service Pay Guidance permitted us to award a maximum consolidated salary increase that would be equivalent to 3 per cent of our paybill. We agreed with the union to distribute this to colleagues in the form of a £1,093 flat rate consolidated increase per head of staff.

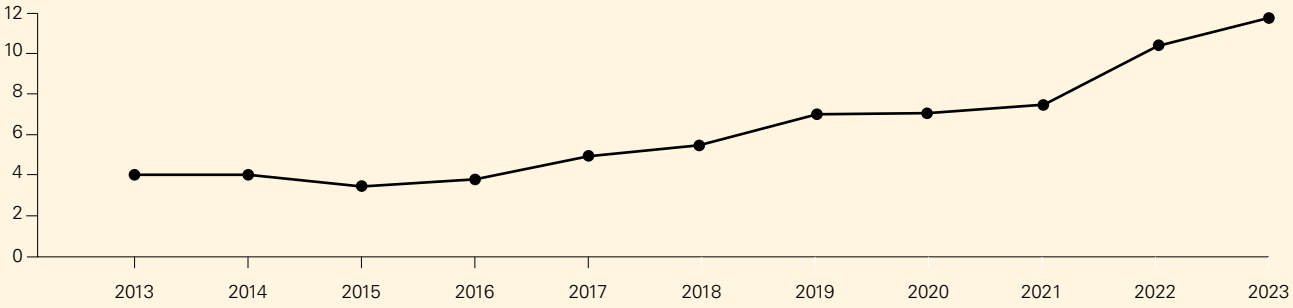
The number of staff working for Arts Council England who are from Black, Asian, and ethnically diverse backgrounds fell slightly from 13.5 per cent to 12.4 per cent.

% OF STAFF WHO IDENTIFY AS BLACK, ASIAN AND ETHNICALLY DIVERSE



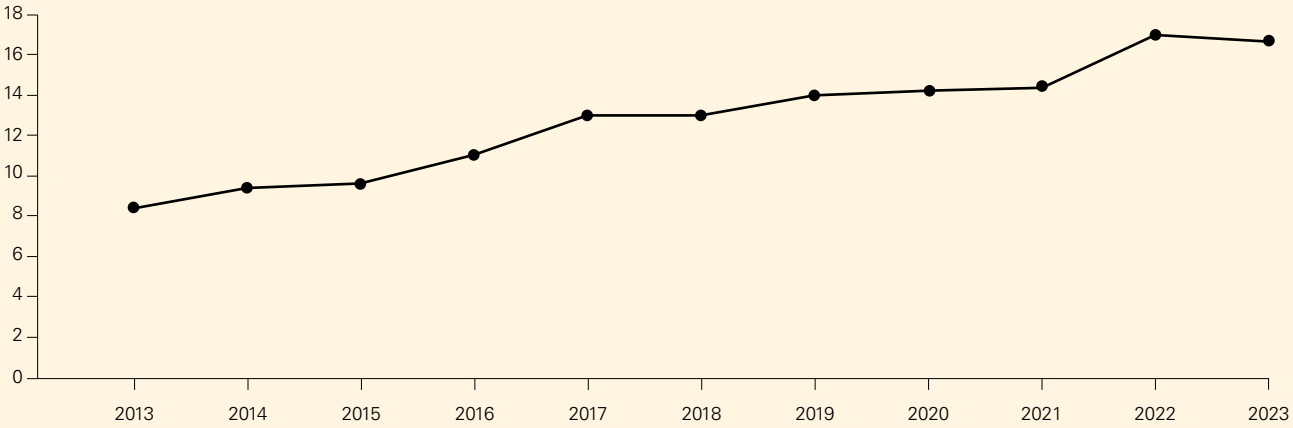
Our numbers of disabled, deaf and neurodiverse staff rose from 10.3 per cent in 2021/22 to 12 per cent in 2022/23.

% OF STAFF WHO IDENTIFY AS DISABLED OR DEAF



A total of 16.8 per cent of our staff body is LGB, broadly the same as last year.

% OF STAFF WHO IDENTIFY AS LESBIAN, GAY OR BISEXUAL



Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect on 1 April 2017 and mean that public sector employers are now required to publish certain information on trade union officials and facility time in their annual report.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to a disciplinary or grievance hearing. It will also cover training received and duties carried out under the Health and Safety at Work Act 1974.

The information for Arts Council England is as follows:

Relevant union officials

What was the total number of Arts Council England employees who were relevant union officials during the relevant period?

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL-TIME EQUIVALENT EMPLOYEE NUMBER
14	13

Percentage of time spent on facility time

How many of Arts Council England employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
–	–
1-50%	20
51%–99%	–
100%	–

Percentage of pay bill spent on facility time

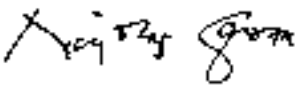
The figures below show the percentage of Arts Council England's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£23,954
Total pay bill	£34,849,692
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.07%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

Dr Darren Henley CBE
Chief Executive
21 JUNE 2023



Sir Nicholas Serota CH
Chair
21 JUNE 2023

07.

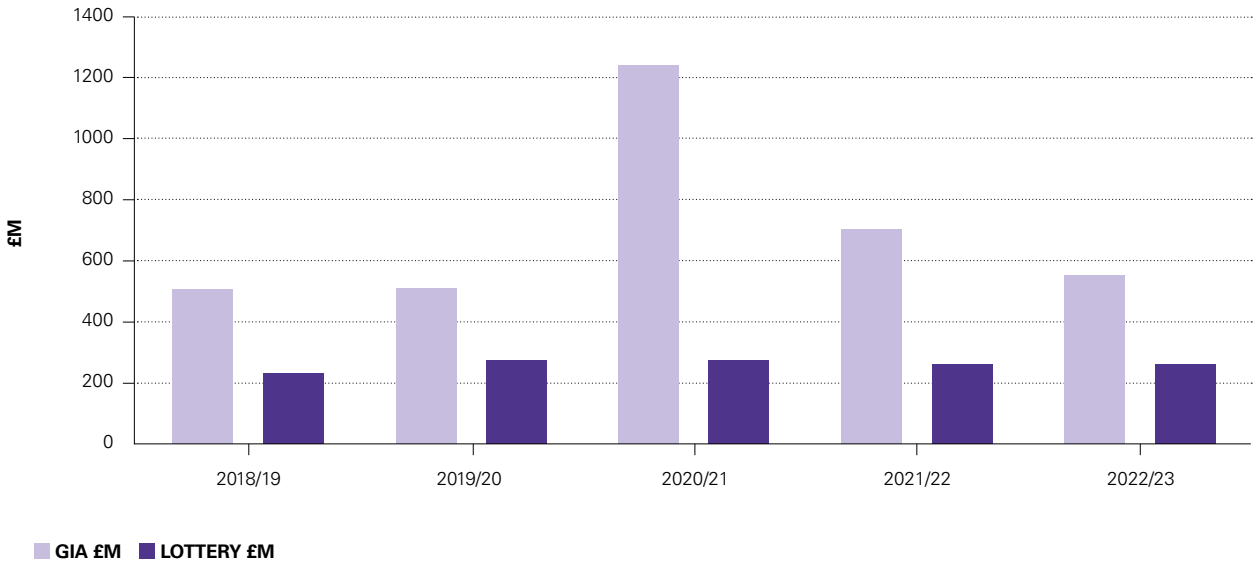
Strategic report

STRATEGIC REPORT
GRANT-IN-AID

Our income

Arts Council England receives Grant-in-Aid from the Department for Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £543 million for the year (2021/22: £690 million), which included £384 million for various revenue grants programmes and £55.4 million of capital funds to allocate as grants. It also included funding from the Department for Education of £82.1 million (2021/22: £82.2 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last five years. Lottery income has remained fairly level throughout the period; Grant-in-Aid income increased substantially during 2020/21 and 2021/22 due to the Culture Recovery Fund programme.

OUR INCOME



GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2022/23:

PROGRAMME	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
Coventry/Bradford city culture	2.140	0.350
Cultural Development Fund	2.996	16.733
Regional Museums	–	21.400
CIF Libraries	–	5.000
Creative Education Plan YAB	0.025	–
Cultural Investment Fund	1.827	–
Culture Recovery Fund	0.500	–
Saturday Clubs	0.450	–
Know your Neighbourhood	4.518	–
Volunteering Futures Fund	0.085	–
Competent Authority	0.016	–
NPO Transition	5.200	–
Music hubs – DfE	79.076	–
In Harmony – DfE	0.208	–
NYMO – DfE	0.419	–
Music for Youth	0.105	–
National Youth Dance Company	0.200	–
Sorrell National Art & Design clubs	0.130	–
Expansion of Bridge networks	0.615	–
Museums and Schools	1.200	–
Culture Admin allocation	0.125	–

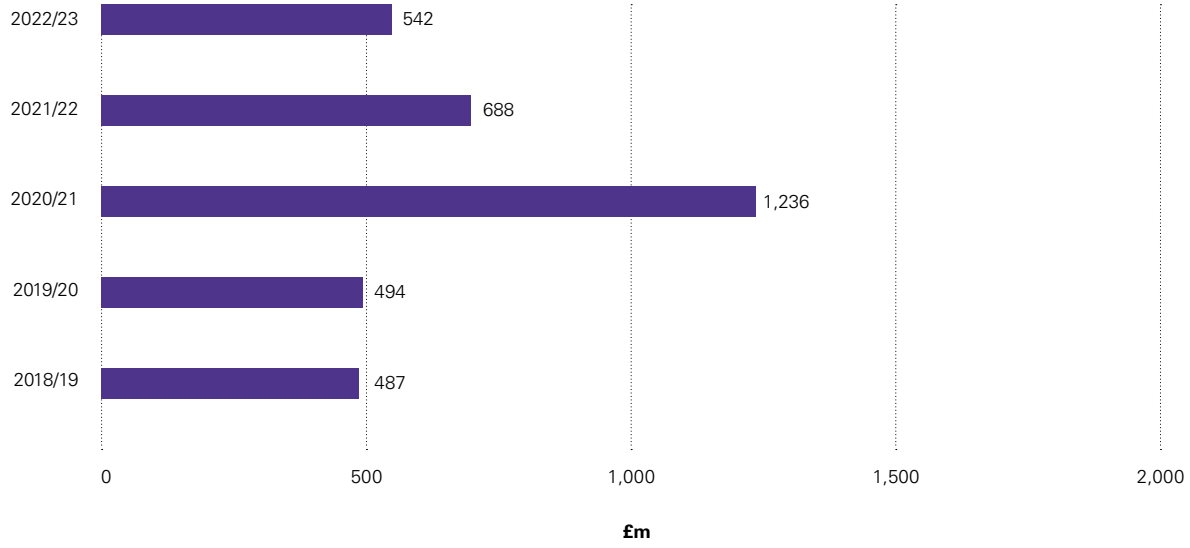
GRANT-IN-AID EXPENDITURE

Our expenditure decreased by 20 per cent compared to 2021/22. This was due primarily to the continuing reduction in the size of the Culture Recovery Fund programme which fell from £695 million in 2020/21, to £147 million last year and to nil in 2022/23. As can be seen from the graph below, expenditure during 2022/23 has returned to the long-term average.

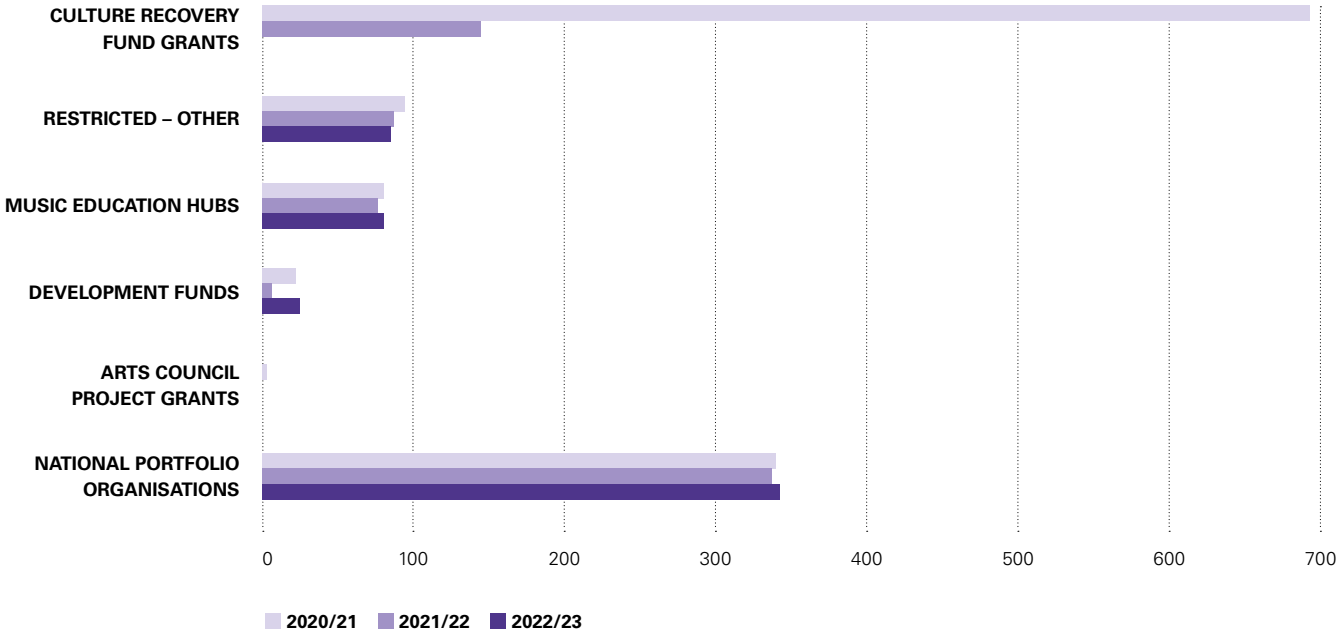
The previous round of National Portfolio Organisation funding allocations covered the period 2017-22. Due to the pandemic, the approval of the next round of funding was delayed by one year and will now cover the period 2023-26. National Portfolio Organisations were given additional one-off grants to cover the intervening year totalling £343 million (2021/22: £340 million).

In addition, we spent £31 million (2021/22: £16 million) through grants and direct expenditure on development and investment programmes and £78 million (2021/22: £78 million) on Music Education Hubs.

GRANT-IN-AID EXPENDITURE 2018-2023



GRANT-IN-AID EXPENDITURE (£m)



As a non-departmental public body, we have a duty to stay within our departmental expenditure limits (DEL) budgets set by DCMS, irrespective of how the financial statements then translate when prepared under the Charities SORP.

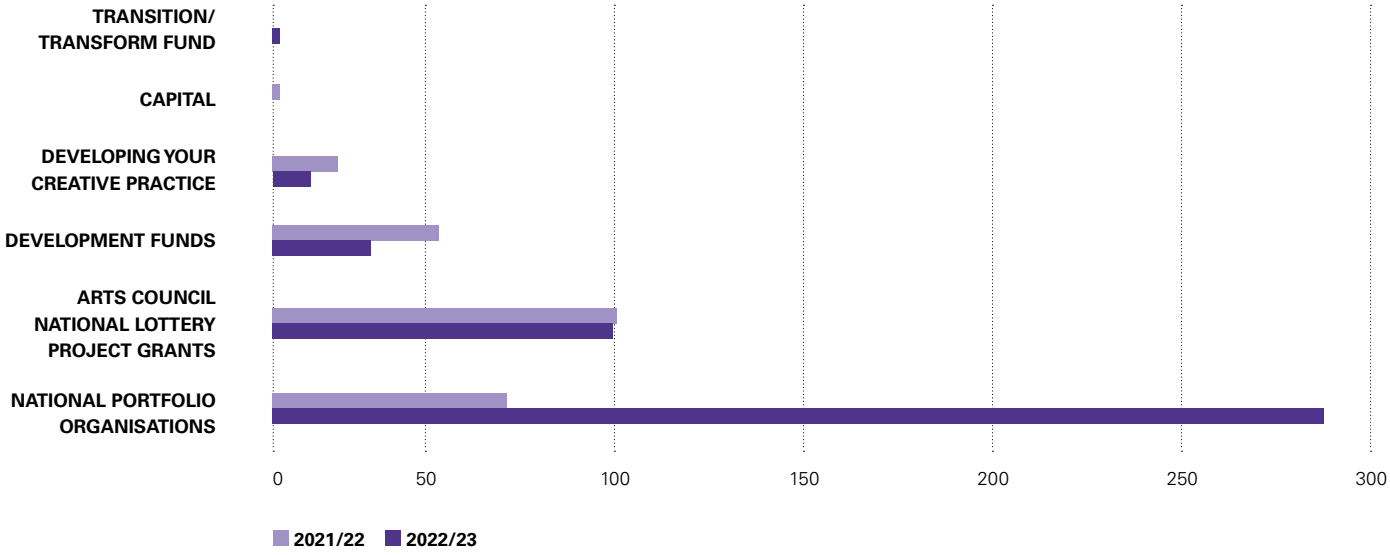
Our out-turn against our revenue DEL budgets, set by DCMS, is a £350,000 underspend (2021/22: £889,000 underspend). However, the Statement of Financial Activities shows net income for the year of £476,000 (2021/22: net income of £786,000).

The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to pension costs, the treatment of provisions (which include the West Yorkshire Pension Fund liability) – ie new provisions and unutilised provisions are not included within our DEL totals until they are utilised. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance. Further information is available in Note 28 of the Grant-in-Aid accounts.

At 31 March 2023, Arts Council England had unrestricted reserves of £946,000 (2021/22: £851,000) together with £9.8 million (2021/22: £9.7 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2022/23 were £78,000 including VAT (2021/22: £83,250 including VAT). Full details in relation to financial instruments are given in Note 26 to the Grant-in-Aid accounts.

LOTTERY PROGRAMME EXPENDITURE (£m)



Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £428 million (2021/22: £257 million).

At year-end, a total of £420 million (2021/22: £216 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £218 million (2021/22: £206 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £420 million of Lottery grant commitments are known to be spread over a three-year period from 1 April 2023 to 31 March 2026.

Actual proceeds from the National Lottery received in 2022/23 were £247 million, slightly lower than the £253 million received in 2021/22.

Our Lottery balance policy states that we should maintain a cash reserve of at least £25 million in each year over the period to March 2025. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible as the sector recovers from the pandemic.

Our Lottery balance exceeds this amount at year-end due to the need to hold cash for grants with longer term cashflow requirements beyond 31 March 2023.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2022/23 (see pages 174 to 181).

Full details in relation to financial instruments are given in Note 19 of the Lottery distribution accounts.

Fees payable to the National Audit Office for Lottery external audit services during 2022/23 were £65,000 (2021/22: £64,375).

CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2022/23 and 2021/22 financial years.

	2022/23 £000s	2021/22 £000s
INCOME		
Grant-in-Aid income	**540,236**	686,801
Share of the National Lottery Distribution Fund	**246,755**	252,290
Investment returns on the Distribution Fund	**4,952**	357
Other income	**3,768**	2,397
Total income	**795,711**	941,845
EXPENDITURE		
Net Grant-in-Aid grant commitments	**514,462**	658,186
Other Grant-in-Aid arts expenditure	**4,123**	4,735
Net Lottery grant commitments	**427,254**	248,454
Lottery Invoiced Arts expenditure	**1,069**	453
Support costs	**42,722**	40,822
Total expenditure	**989,630**	952,650
Net gains/(losses) on investments	**16**	53
Net income/(expenditure)	**(193,903)**	(10,752)
Gain on revaluation of heritage assets	**–**	–
Actuarial gains/(losses) on defined benefit pension schemes	**(571)**	941
	(571)	941
Net movement in funds	**(194,474)**	(9,811)
Consolidated reserves brought forward	**(3,842)**	5,969
Consolidated reserves carried forward	**(198,316)**	(3,842)

Administration costs are 5.3 per cent of income (2021/22: 4.24 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £23.48 million, which is 3.53 per cent of income (2021/22: 3.53 per cent). Lottery administration (excluding one-off IT costs) totalled £18.86 million, which is 7.42 per cent of income (2021/22: 6.19 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

PLANS FOR THE FUTURE

Our strategy, *Let's Create*, describes our vision that by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we periodically publish delivery plans. These set out in more detail the steps we will take to deliver *Let's Create* and how we will resource them. The first Delivery Plan covering 2021-24 was published in September 2021 and is updated annually. A new delivery plan covering the 2024-27 period will be published next year.

Our five themes for the current Delivery Plan have arisen out of our conversations with the Government and those working in the cultural sector, and they are designed to focus on those areas viewed as being in most pressing need of attention and investment if we are to successfully navigate the new, post-pandemic landscape. The themes are:

1. A 'fit for the future' cultural sector
2. Supporting individuals
3. Strengthening our place-based approach and contributing to levelling up
4. Working internationally
5. How the Arts Council will change

The delivery plan also includes an impact framework which sets out the measures we will use over the lifetime of *Let's Create* to assess progress towards our three long-term Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country.

The Framework also sets out the measures we will use to demonstrate progress on each of the five Themes in this Delivery Plan and how our delivery against these Themes contributes to the long-term changes set out in *Let's Create*.

GOING CONCERN ASSESSMENT

The Trustees confirm that the Financial Statements have been prepared on a "Going Concern" basis. This assumption is based on the funding agreement agreed with the Department for Culture, Media & Sport for 2023-24 and the current income forecasts relating to the National Lottery Distribution Fund.

STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under both the Royal Charter and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), Arts Council England is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of Arts Council England's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are prepared in line with the Government Financial Reporting Manual. Both sets of accounts are also expected to:

— observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a

consistent basis, and make judgements and estimates on a reasonable basis

— state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements

— be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's-length bodies are set out in chapter three of *Managing Public Money*. Formally the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

The Accounting Officer signing off these accounts has gained assurance in the following ways:

— a meeting with the Chief Finance Officer to go through the financial controls

— discussing the annual review and accounts at an Executive Board meeting attended by Executive Board colleagues, including the Chief Financial Officer

— attending Performance and Audit Committee meetings where internal audit reports are reviewed and other internal control matters are scrutinised

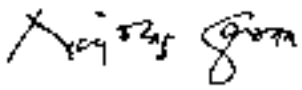
The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that, as far as he is aware, the annual report and accounts as a whole is fair, balanced and understandable and he takes responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, The Hive, 49 Lever Street, Manchester, M1 1FN.

Dr Darren Henley CBE
Chief Executive
21 JUNE 2023



Sir Nicholas Serota CH
Chair
21 JUNE 2023

08.

Grant-in-Aid accounts

"I THOUGHT YOU SAID THIS
THING WAS FAST?"

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE TRUSTEES OF THE ARTS COUNCIL ENGLAND AND THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of the Arts Council England (Grant-in-Aid accounts) for the year ended 31 March 2023.

The financial statements comprise: the Arts Council England's (Grant-in-Aid accounts):

- Balance sheet as at 31 March 2023;
- Statement of Financial Activities, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's (Grant-in-Aid accounts) affairs as at 31 March 2023 and its total income before other recognised gains and losses for the year then ended;
- have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder; and
- have been properly prepared in accordance with the Charities Act 2011.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting *Council's Revised Ethical Standard 2019*. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report but does not include either the Grant-in-Aid or the Lottery Distribution financial statements nor my auditor's certificate and reports. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Royal Charter; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Performance Report and Accountability Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Secretary of State direction under the Royal Charter, and the Charities Act 2011 have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the Grant-in-Aid financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit and express on opinion on etc the financial statements in accordance with the applicable laws and International Standards on Auditing (ISAs)(UK) and the Charities Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies.
- inquired of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the Royal Charter, Charities Act 2011, and Managing Public Money;
- inquired of management, the Arts Council England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with the engagement team and the relevant internal specialists, including IT Audit regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and grant expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the Arts Council England's framework of authority and other legal and regulatory frameworks in which the Arts Council England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included, The Royal Charter, The Charities Act 2011, employment legislation and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies
Comptroller and Auditor General

26 JUNE 2023

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2023

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2a	**380,334**	**159,902**	**–**	**540,236**	686,820
Investments	2b	**–**	**–**	**15**	**15**	11
Charitable activities	3	**750**	**1,908**	**–**	**2,658**	1,738
Other: Lottery distribution accounts	4	**18,859**	**–**	**–**	**18,859**	15,907
Total income and endowments		**399,943**	**161,810**	**15**	**561,768**	704,476
EXPENDITURE ON:						
Charitable activities (including governance costs)	4	**380,340**	**162,108**	**–**	**542,448**	687,836
Other: Support costs attributable to Lottery distributions accounts	4	**18,859**	**–**	**–**	**18,859**	15,907
Total expenditure		**399,199**	**162,108**	**–**	**561,307**	703,743
Net gains/(losses) on investments	9	**–**	**–**	**16**	**16**	53
Total income/(expenditure) before exceptional items		**744**	**(298)**	**31**	**477**	786
Total income/(expenditure) before other recognised gains and losses		**744**	**(298)**	**31**	**477**	786
OTHER RECOGNISED GAINS/LOSSES						
Gain on revaluation of heritage assets	10	**–**	**–**	**–**	**–**	–
Actuarial gains/(losses) on defined benefit pension schemes	7	**(571)**	**–**	**–**	**(571)**	941
Net movement in funds	17	**173**	**(298)**	**31**	**(94)**	1,727
RECONCILIATION OF FUNDS						
Balance brought forward at 1 April		**13,108**	**1,012**	**747**	**14,867**	13,140
Total funds carried forward at 31 March		**13,281**	**714**	**778**	**14,773**	14,867

ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 95 TO 139 FORM PART OF THESE ACCOUNTS.

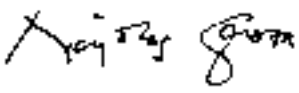
BALANCE SHEET AS AT 31 MARCH 2023

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2023 £000s	TOTAL 31 MARCH 2022 £000s
FIXED ASSETS						
Tangible assets	10	**3,276**	**–**	**–**	**3,276**	3,026
Heritage assets – Works of art	10	**9,058**	**–**	**–**	**9,058**	8,825
Investments	9	**–**	**–**	**778**	**778**	747
Total fixed assets		**12,334**	**–**	**778**	**13,112**	12,598
CURRENT ASSETS						
Debtors	12	**–**	**121,237**	**–**	**121,237**	104,388
Due from Arts Council Lottery accounts		**5,195**	**–**	**–**	**5,195**	7,329
Grants paid in advance	13	**–**	**–**	**–**	**–**	–
Cash and cash equivalents		**37,065**	**21,047**	**–**	**58,112**	78,345
Total current assets		**42,260**	**142,284**	**–**	**184,544**	190,062
LIABILITIES: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Grants outstanding	14	**33,897**	**141,201**	**–**	**175,098**	180,615
Creditors	15	**5,230**	**369**	**–**	**5,599**	6,421
Total creditors: amounts falling within one year		**39,127**	**141,570**	**–**	**180,697**	187,036
Net current assets		**3,133**	**714**	**–**	**3,847**	3,026
Total assets less current liabilities		**15,467**	**714**	**778**	**16,959**	15,624
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
Provisions for liabilities and charges	16	**2,186**	**–**	**–**	**2,186**	1,162
Net assets excluding pension liability		**13,281**	**714**	**778**	**14,773**	14,462
Defined benefit pension scheme liability	7	**–**	**–**	**–**	**–**	(405)
Net assets including pension liability		**13,281**	**714**	**778**	**14,773**	14,867
THE FUNDS OF THE CHARITY						
Represented by income funds						
Unrestricted fund	17	**947**	**–**	**–**	**947**	852
Restricted fund	17	**–**	**714**	**–**	**714**	1,012
Represented by capital funds	17					
Endowment funds		**–**	**–**	**778**	**778**	747
Designated fund		**9,058**	**–**	**–**	**9,058**	8,525
Donated asset reserve		**–**	**–**	**–**	**–**	–
Capital reserve		**3,276**	**–**	**–**	**3,276**	3,026
Pension reserve	7	**–**	**–**	**–**	**–**	405
Total charity funds		**13,281**	**714**	**778**	**14,773**	**14,867**

THE NOTES ON PAGES 95 TO 139 FORM PART OF THESE ACCOUNTS.

These accounts were approved by The National Council and signed on its behalf on 21 June 2023

Dr Darren Henley CBE
Chief Executive
21 JUNE 2023



Sir Nicholas Serota CH
Chair
21 JUNE 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 £000s	2021/22 £000s
CASH FLOWS FROM OPERATING ACTIVITIES :			
Funds received from the Department for Culture, Media and Sport		**524,307**	868,083
Other cash receipts		**22,732**	14,202
Grants paid to arts organisations and other bodies		**(519,978)**	(946,464)
Cash paid to and on behalf of employees		**(35,735)**	(31,680)
Other cash payments		**(10,606)**	(13,516)
Net cash provided by/(used in) operating activities	18	**(19,280)**	(109,375)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on short-term cash deposits		**3**	–
Dividends received		**12**	11
Purchase of tangible fixed assets		**(953)**	(517)
Sale of tangible fixed assets		**–**	–
Net cash provided by/(used in) investing activities		**(938)**	(506)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Endowment Income/(Investments)		**(15)**	(11)
Net cash provided by/(used in) financing activities		**(15)**	(11)
Change in cash and cash equivalents in the reporting period	19	**(20,233)**	(109,892)
Cash and cash equivalents at the beginning of the reporting period		**78,345**	188,237
Change in cash and cash equivalents due to exchange rate movements		**–**	–
Cash and cash equivalents at the end of the reporting period		**58,112**	78,345

THE NOTES ON PAGES 95 TO 139 FORM PART OF THESE ACCOUNTS.

NOTES TO THE GRANT-IN-AID ACCOUNTS

1a. BASIS OF ACCOUNTS

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in May 2002. The accounts are presented in accordance with the Charities SORP 2019 issued by the Charity Commission in 2019.

The accounts are prepared on a going concern basis and the historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2022/23, the value of fixed assets expressed in current cost terms are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet.

Arts Council England no longer owns any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 83.

1b. INCOME

Grant-in-Aid from the Department for Culture, Media and Sport (DCMS) is taken to the Statement of Financial Activities in the year to which it relates. All other income is accounted for once entitlement is probable.

1c. EXPENDITURE

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in Note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Expenditure classified as activities undertaken directly relates to expenditure supporting the arts other than grants. This includes the cost of delivering major arts policies and projects. Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Governance costs comprise an apportionment of general administration expenditure based on an estimate of staff time and direct costs such as the cost of administering National Council and external and internal audit.

1d. DEPRECIATION AND FIXED ASSETS

Tangible fixed assets excluding heritage assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- leasehold buildings: life of the lease
- fixtures and fittings: five years
- motor vehicles: five years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Except for heritage assets, all individual assets valued greater than £2,000 are capitalised. There is no *de minimis* limit for heritage assets.

Heritage assets

Arts Council England is guardian and trustee over one collection of heritage assets which is held in furtherance of our mission to champion, develop and invest in artistic and cultural experiences that enrich people's lives. The collection is accounted for as follows:

Works of Art Collection

The Works of Art Collection is accounted for on the historic cost basis. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are recorded at cost and donations are recorded with a nil value to represent the financial investment in the works.

1e. LEASES

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease. Lease incentives (eg rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

1f. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1g. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there is no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

All employers are legally required to enrol their staff onto a workplace pension scheme. As such we now also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension) if they choose not to join the Arts Council Retirement Plan.

1h. APPORTIONED COSTS

Arts Council England incurs administration costs that relate to activities funded from Grant-in-Aid and the National Lottery Distribution Fund. We are required to apportion these costs between the two areas on a full cost basis in accordance with good accounting practice.

In accordance with the Charities SORP we have apportioned administration costs between our different activities. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment. The notes to the statement of financial activities will show the costs apportioned to Arts Council England Lottery distribution accounts where appropriate.

1i. CHANGE IN ACCOUNTING POLICY

There have been no changes in accounting policy during 2022/23.

1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. There has been no impact on the accounts. Further information on our financial instruments is disclosed within Note 26.

1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

2 INCOME

2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
DONATIONS AND LEGACIES					
CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL					
Core funding – revenue	**363,040**	**–**	**–**	**363,040**	350,702
Administration	**16,340**	**4,093**	**–**	**20,433**	22,685
Core capital	**954**	**–**	**–**	**954**	518
Ring-fenced funds	**–**	**155,809**	**–**	**155,809**	312,896
	380,334	**159,902**	**–**	**540,236**	686,801
OTHER DONATIONS AND LEGACIES					
Donations/bequests	**–**	**–**	**–**	**–**	18
Donations and legacies income	**380,334**	**159,902**	**–**	**540,236**	686,819

2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
INVESTMENT INCOME					
Bank interest received	–	–	**3**	**3**	–
Dividend income	–	–	**12**	**12**	11
Investment income	–	–	**15**	**15**	11

3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
GRANTS, SPONSORSHIPS AND DONATIONS RECEIVED				
Local Authorities	**17**	**152**	**169**	193
Non-government bodies	**1**	–	**1**	–
Other central Government bodies	**697**	**1,252**	**1,949**	1,186
Other grants, sponsorship and donations	–	–	–	–
Public Corporations	–	–	–	–
Sundry	**35**	**504**	**539**	359
Net incoming/(outgoing) resources for the year	**750**	**1,908**	**2,658**	1,738

4. ANALYSIS OF EXPENDITURE

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
National Portfolio Organisations	–	340,659	6,112	**346,771**	344,025
Arts Council National Lottery Project Grants	–	696	270	**966**	5,240
Development and investment funds	4,123	26,649	7,278	**38,050**	22,307
Music Education Hubs	–	76,105	1,966	**78,071**	78,276
Restricted – Other	–	74,384	8,238	**82,622**	243,571
Lapsed and revoked commitments	–	(4,032)	–	**(4,032)**	(5,583)
	4,123	**514,461**	**23,864**	**542,448**	687,836

National Portfolio Organisations are those organisations of strategic importance with which the Arts Council has long-term, multi-year funding agreements. Development funding and activities are those specific projects funded by grants and direct arts expenditure. They provide essential leverage for national, regional and local partnerships, and act as investment in seed funding, research and development for the arts in England.

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 and £100,000 for arts, museums and libraries projects. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the hub. Hubs are coordinated by the Hub Lead Organisation, which takes on responsibility for the funding and governance of the Hub. The total amount of funding from the Department for Education in 2022/23 was £78.07 million (2021/22: £78.28 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These are also disclosed in the Strategic Report on page 76.

4b. ANALYSIS OF SUPPORT COSTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity.

	TOTAL SUPPORT COSTS 22/23 £000s	**LESS CHARGED TO LOTTERY £000s**	**TOTAL GRANT-IN-AID 2022/23 £000s**	TOTAL GRANT-IN-AID 2021/22 £000s
Staff costs	33,575	(14,452)	**19,123**	18,327
Indirect staff costs	855	(62)	**793**	834
Premises	2,085	(1,019)	**1,066**	1,203
Supplies & Services	3,253	(1,875)	**1,378**	1,762
Travel & Subsistence	579	(251)	**328**	130
Professional Fees	1,407	(496)	**911**	1,699
Central Costs	290	(147)	**143**	391
Depreciation	468	–	**468**	598
Other recharges	–	(457)	**(457)**	(302)
IT project costs	209	(100)	**109**	272
	42,721	**(18,859)**	**23,862**	24,914
Corporate governance costs included above	–	–	**1,233**	717

4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
National Portfolio Organisations	340,659	–	**340,659**	339,450
Arts Council National Lottery Project Grants	325	371	**696**	5,069
Development and investment funds	26,277	372	**26,649**	11,335
Music Education Hubs	76,105	–	**76,105**	76,256
Culture Recovery Funds	–	–	**–**	147,005
Restricted – Other	74,384	–	**74,384**	84,653
Lapsed and revoked commitments	(4,032)	–	**(4,032)**	(5,583)
	513,718	**743**	**514,461**	658,185

A detailed breakdown of all grant commitments can be found at:
www.artscouncil.org.uk/our-organisation/expenditure-data

5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2022/23 £000s	TOTAL 2021/22 £000s
STAFF COSTS COMPRISE					
Salaries and wages	27,658	3,327	11,431	**12,900**	10,512
Employer's National Insurance	2,676	357	1,075	**1,244**	1,100
Employer's pension contributions	4,516	612	1,802	**2,102**	1,975
Redundancy Costs	170	–	55	**115**	2
Agency staff	549	154	89	**306**	156
	35,569	**4,450**	**14,452**	**16,667**	13,745

Total salary costs were higher this year mainly due to a £1.9 million lump sum payment made to the Art's Council Retirement Plan pension fund to reduce the pension deficit.

The average number of full-time equivalent employees during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2022/23	2021/22
Direct delivery of programmes	10	–	**10**	12
Support & corporate governance	620	10	**630**	646
	630	**10**	**640**	658

The average number of employees (headcount) during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2022/23	2021/22
Direct delivery of programmes	11	–	**11**	13
Support & corporate governance	671	18	**689**	707
	682	**18**	**700**	720

5b. EMOLUMENTS BY BANDS

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

	PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	**DEFINED BENEFIT**	**DEFINED CONTRIBUTION**	**NO PENSION**	**TOTAL 2022/23**	TOTAL 2021/22
£60,000-£69,999	**15**	**2**	**–**	**17**	13
£70,000-£79,999	**6**	**1**	**–**	**7**	8
£80,000-£89,999	**11**	**–**	**–**	**11**	9
£90,000-£99,999	**2**	**–**	**–**	**2**	–
£110,000-£119,999	**2**	**–**	**–**	**2**	–
				39	**30**

5C COMPENSATION SCHEMES – EXIT PACKAGES

	2022/23			2021/22		
EXIT PACKAGE COST BAND	**NUMBER OF COMPULSORY REDUNDANCIES**	**NUMBER OF OTHER DEPARTURES AGREED**	**TOTAL EXIT PACKAGES DURING 2022/23**	**NUMBER OF COMPULSORY REDUNDANCIES**	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2021/22
< £9,999	**1**	**–**	**1**	**1**	–	1
£10,000-£24,999	**–**	**–**	**–**	**–**	–	–
£25,000-£49,999	**3**	**–**	**3**	**–**	–	–
£50,000-£99,999	**1**	**–**	**1**	**–**	–	–
Total number of exit packages by type	**5**	**–**	**5**	**1**	**–**	**1**
Total resource cost £000	170	–	**170**	8	–	**8**

6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2022/23, the total cost of tickets purchased for this purpose was £1,002 (2021/22: £245). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in Note 8.

7. PENSIONS

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

WEST YORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 294,000 members in 451 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2023, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires Arts Council England and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2023. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2023	31 MARCH 2022	31 MARCH 2021
Discount rate	**4.8%**	**2.8%**	2.1%
CPI inflation	**2.7%**	**3.1%**	2.7%
Rate of increase to pensions in payment	**2.7%**	**3.1%**	2.7%
Rate of increase to deferred pensions	**2.7%**	**3.1%**	2.7%
Rate of general increase in salaries	**3.95%**	**4.35%**	3.95%

ASSET ALLOCATION

	VALUE AT 31 MARCH 2023 %	VALUE AT 31 MARCH 2022 %
Equities	**81.3%**	79.8%
Property	**3.3%**	4.0%
Government bonds	**6.0%**	7.4%
Corporate bonds	**4.3%**	4.8%
Cash	**2.9%**	2.9%
Other	**2.2%**	1.1%
Total	**100%**	100%

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2023 £millions	VALUE AS AT 31 MARCH 2022 £millions	VALUE AS AT 31 MARCH 2021 £millions
Fair value of assets	**48.741**	48.453	45.364
Present value of funded liabilities	**34.272**	42.979	45.868
Unrecognised asset	**(14,469)**	(5.069)	
Pension liability recognised on the balance sheet	**0.000**	0.405	(0.504)

AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
OPERATING COST:		
Current service cost	**0.155**	0.164
Past service cost	**0.000**	0.000
FINANCING COST:		
Interest on net defined benefit liability/(asset)	**(0.176)**	0.009
Pension expense recognised in other comprehensive income	**(0.021)**	0.173

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Asset gains/(losses) arising during the period	**(0.671)**	3.372
Liability gains/(losses) arising during the period	**8.754**	2.638
Adjustment in respect of paragraph 28.22 FRS102	**(9.101)**	(5.069)
Total amount recognised in other comprehensive income	**(1.018)**	0.941

CHANGES TO THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Opening defined benefit obligation	**42.979**	45.868
Current service cost	**0.155**	0.164
Past service cost	**0.000**	0.000
Interest expense on defined benefit obligation	**1.185**	0.949
Contributions by participants	**0.031**	0.030
Actuarial (gains)/losses on liabilities	**(8.754)**	(2.638)
Net benefits paid out	**(1.324)**	(1.394)
Closing defined benefit obligation	**34.272**	42.979

CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Opening fair value of assets	**48.453**	45.364
Interest income on assets	**1.361**	0.940
Remeasurement gains/(losses) on assets	**0.075**	3.372
Contributions by the employer	**0.145**	0.141
Contributions by participants	**0.031**	0.030
Net benefits paid out*	**(1.324)**	(1.394)
Net increase in assets from disposals/acquisitions	**0.000**	0.000
Closing fair value of assets	**48.741**	48.453

* CONSISTS OF NET BENEFITS CASH FLOW OUT OF THE FUND IN RESPECT OF THE EMPLOYER, INCLUDING AN APPROXIMATE ALLOWANCE FOR THE EXPECTED COST OF DEATH IN SERVICE LUMP SUMS.

ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Interest income of assets	**1.361**	0.940
Gain/(loss) on assets	**(0.671)**	**3.372**
Total amount recognised in other comprehensive income	**0.690**	4.312

The 2022 valuation results included the transferred liabilities for 49 active members who transferred from the former Arts Boards in 2002. At the beginning of the year transfer payments were still outstanding from Surrey for their 11 transferred members. Discussions with Surrey Pension Fund regarding this payment are ongoing.

Amounts due to the West Yorkshire Pension Fund at 31 March 2023 were £16,013 (31 March 2022: £14,310).

ARTS COUNCIL RETIREMENT PLAN (1994)

The scheme is a defined benefit scheme. Other employers contributing to the scheme are the Arts Council of Wales, Creative Scotland, the Crafts Council and Tŷ Cerdd – Music Centre Wales. Because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102). The actuaries of the fund are Hymans Robertson.

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2023 was £206.5 million (2022: £230.6 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2022, the actuarial value of the assets using the projected unit method was sufficient to cover 93 per cent of the value accrued to members, a deficit of £18,300,000. On the advice of the actuary, with effect from 1 April 2023, we are paying employer's contributions of 18.8 per cent of pensionable salary for Arts Council England employees and 25.4 per cent of pensionable salary for employees who transferred to Arts Council England from Museums, Libraries and Archives.

The main long-term assumptions used for the actuarial valuation were as follows:

Consumer prices inflation rate	Bank of England RPI curve, less 1.0% p.a. prior to February 2030 and less 0.1% p.a. from February 2030
Long-term rate of pay increases	In line with CPI inflation
Rate of pension increases	In line with CPI inflation
Discount rate (past service)	Bank of England gilt yield curve, plus 1.5% pa
Discount rate (future service)	Bank of England gilt yield curve, plus 2.5% pa

Arts Council England is a participating employer in the Arts Council Retirement Plan (1994) together with four other separate organisations. There is no legal separation of the Plan's assets or liabilities and as such there is a certain amount of inevitable cross subsidy between participating employers depending on the experience of their own members. Under the Plan's rules there is also no requirement or discretion to segregate the assets of the scheme in the event of the cessation of a participating employer. As such it is a "last man standing" arrangement and the remaining employers would become liable for meeting the pension obligations of other participating employers who cease participation.

Amounts due to the fund at 31 March 2023 were £482,928 (31 March 2022: £469,822).

THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation. Amounts due to The People's Pension as at 31 March 2023 were £11,985 (2021:22 £12,825)

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2022/23 were £6,178,661 (including a lump-sum deficit reduction payment of £1,915,000 (2021/22: £4,078,935). Employer contributions to The People's Pension were £105,348 (2021/22: £96,587).

Employer contributions made to the West Yorkshire Pension Fund during 2022/23 were £144,460 (2021:22 £141,342)

8. NET EXPENDITURE FOR THE YEAR

Total income of £476,205 (2021/22: £785,999) is stated after charging:

	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
Auditors' remuneration	**78**	83
Operating leases	**2,031**	2,354
Council members' travel, subsistence and hospitality for the 15 serving members during the year	**7**	6
Insurance: trustees' and senior officers' indemnity	**20**	14
Depreciation	**468**	598
Impairment	**–**	–

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT.

9. LEGACY BEQUESTS

Arts Council England is the beneficiary of two legacies: the Compton Poetry Fund and the Thornton Fund. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. Both legacies consist of a mixture of stocks/shares and cash. The Compton Poetry Fund consists of £395,000 in shares and £61,000 cash, and the Thornton fund consists of £71,000 in shares and £69,000 cash. Both legacies were incorporated into Arts Council England's accounts during 2013/14. The values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2019/20, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this is currently £118,000 and consists entirely of cash. There are three other legacies with a total value of £64,000.

	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2022	430	137	117	64	**748**
Income received in-year	9	4	1	–	**14**
Gains/(losses) on investments	17	(1)	–	–	**16**
Expenditure	–	–	–	–	**–**
Closing balance – 31 March 2023	**456**	**140**	**118**	**64**	**778**

REPRESENTED BY:	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Cash	61	69	118	64	**312**
Investments	395	71	–	–	**466**
Closing balance – 31 March 2023	**456**	**140**	**118**	**64**	**778**

10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2022	9,957	4,630	**14,587**	8,825	**23,412**
Additions	534	186	**720**	233	**953**
Revaluations	–	–	**–**	–	**–**
Less: disposals	(1,676)	(2)	**(1,678)**	–	**(1,678)**
Cost or valuation at 31 March 2023	8,815	4,814	**13,629**	9,058	**22,687**
Depreciation at 1 April 2022	7,276	4,284	**11,560**	–	**11,560**
Less depreciation on disposals	(1,676)	–	**(1,676)**	–	**(1,676)**
Impairment	–	–	**–**	–	**–**
Provided for 2022/23	236	233	**469**	–	**469**
Depreciation at 31 March 2023	5,836	4,517	**10,353**	–	**10,353**
Net book value at 31 March 2023	2,979	297	**3,276**	9,058	**12,334**
Net book value at 31 March 2022	2,680	345	**3,025**	8,825	**11,850**

WORKS OF ART – ARTS COUNCIL COLLECTION

Unlike our other fixed assets there is no de minimis capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000.

The Works of Art Council Collection has been built up since 1946 and consists of 8,141 items on 31 March 2023. The purpose of the collection is to broaden the appreciation and public awareness of modern and contemporary British Art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre.

Valuation

The Arts Council Collection is held on the historic cost basis.

Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and this is provided to the auditors for review.

Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising six individuals who are the Director, Arts Council Collection, Director of Visual Arts, Arts Council England, Director, Hayward Gallery, plus external advisers who are usually an artist, a writer and a curator. The committee is currently chaired by a member of the Arts Council's National Council. The external advisors to the committee are appointed for a fixed two-year tenure. Additionally, a representative from each of the Arts Council Collection's National Partner galleries sits for one year on a rotating basis. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible, artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England budget.

Any offers of gifts to the Arts Council Collection are brought to the attention of the Acquisitions Committee which decides on their suitability. The procedure for the loss or destruction of works of art is implemented if an item is irretrievably lost or damaged beyond repair. This requires the Director of the Arts Council Collection to report details to the Director of the Hayward Gallery (in cases of vandalism or theft), and the Director, Visual Arts, of Arts Council England who then seeks approval from the Arts Council England National Council to write off the item. The write off in accounting records is implemented by the Director of Finance of Arts Council England who takes into account any insurance claims. Funds claimed in this way are paid into the Arts Council Collection acquisition allocation and earmarked to replace the lost items depending on the advice of the current purchasers. If it is not possible to replace a work because the artist is deceased, there are no suitable replacements or equivalent works have become too expensive, the funds are transferred into the acquisition fund.

Preservation

The condition of the works is checked on receipt, before going out on loan and on return from loan. Master condition files are maintained and kept at Winchester House and Longside (for sculpture) and copies of the

latest version are made when loans go out. Normally, required restoration is carried out by fully accredited conservators, either at their studios or at Longside or Winchester House. Any unfitting of frames or restoration carried out away from Winchester House or Longside must be authorised by the Director of the Arts Council Collection or a Collection Curator. Artists are consulted and involved in restoration when possible and practical. Each year a number of works on paper, photographs, paintings and sculpture are conserved as a matter of course. All conservation is reported annually to the Arts Council England National Council in the form of the Collection's annual report on activities.

Collection management

The Director of the Arts Council Collection reports to the Director of the Hayward Gallery on day-to-day matters and is responsible to the Director, Visual Arts, at Arts Council England on policy. Arts Council Collection staff salaries are paid by the Southbank Centre from the management grant from Arts Council England to the Southbank Centre. A ring-fenced fund within the Southbank Centre and Arts Council England covers the operational costs of the Arts Council Collection's activities.

Access

The Arts Council Collection was established in 1946 by CEMA (the Council for the Encouragement of Music and the Arts). Formed around a small group of paintings, it began with the goal of establishing a national collection for the UK. Today it is the most widely circulated national loan collection of modern and contemporary British art in the world.

The Arts Council Collection continues to build and preserve the British public's art collection for its use and enjoyment. Access to the national collection is achieved through working in collaboration on its broad range of work that includes an extensive lending programme of artwork across the UK and abroad, Arts Council Collection exhibitions, learning and engagement, and research and scholarship. Work is loaned to museums and galleries, and public institutions such as universities, libraries, hospitals and schools. Marketing and communication increases visibility and accessibility through the Collection's website and social media such as Twitter, Instagram and Facebook.

PARTNERSHIPS

The National Partners Programme, launched in 2016, is a three-year programme which allows three galleries in England to curate exhibitions drawn directly from the Arts Council Collection. Some of these exhibitions will be organised between the partners to encourage collaborative working and sharing of resources. The National Partners Programme is supported by outreach and digital activities with the specific aims of engaging children and young people, Black and minority ethnic people, people from lower socio-economic backgrounds and the over-75s. The four regional partners for 2016-19 were Birmingham Museums Trust, The Towner Eastbourne, Walker Art Gallery Liverpool, and existing partner Yorkshire Sculpture Park. The partners for 2019-22 are Firstsite Colchester, Newlyn Art Gallery, Penzance and Sunderland Culture.

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project, Transforming Collections: Re-Imaging Art, Nation and Heritage.

The Arts Council Works of Art Collection heritage assets are reported at valuation in the table below:

	2022/23 £000s	2021/22 RESTATED £000s	2020/21 RESTATED £000s	2019/20 RESTATED £000s	2018/19 RESTATED £000s
Cost or valuation at 1 April	**8,825**	8,525	8,179	7,941	7,668
Additions	**233**	300	346	238	301
Donations	**–**	–	–	–	–
Revaluations	**–**	–	–	–	–
Less: impairment	**–**	–	–	–	–
Less: disposal	**–**	–	–	–	(28)
Cost or valuation at 31 March	**9,058**	8,825	8,525	8,179	7,941

11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2023, £5,195,200 was owed by Lottery to Grant-in-Aid (2021/22: £7,329,267).

12. DEBTORS

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Trade debtors	**1,631**	115
DCMS debtors	**118,582**	102,653
Other debtors	**133**	586
Prepayments and accrued income	**891**	1,034
	121,237	104,388

13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. No payments in advance were made during 2022/23 (2021/22: £0).

14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2023/24. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2023 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
2022/23	–	431,499
2023/24	**394,031**	–
2024/25	**353,735**	–
2025/26	**343,732**	–
	1,091,498	431,499

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Trade creditors	**2,656**	3,264
Other creditors including taxes and social security	**200**	236
Accruals	**1,570**	1,901
Deferred income	**1,172**	1,020
	5,598	6,421

16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	PENSION DEFICIT £000s	**TOTAL £000s**
At 31 March 2022	1,155	7	–	**1,162**
Arising during the year	69	–	1,151	**1,220**
Used during the year	(192)	(4)	–	**(196)**
Reversed unused	–	–	–	**–**
At 31 March 2023	**1,032**	**3**	**1,151**	**2,186**
EXPECTED TIMING OF CASH FLOWS				
Provisions due within one year	308	3	–	**311**
Provisions due in more than one year	724	–	1,151	**1,875**

DESCRIPTION OF PROVISIONS

a) *Dilapidations*

Provision for dilapidations for leased premises (to cover the costs of any necessary reinstatement and repairs to the property at the termination of the lease).

b) *Tax*

Provision for payroll taxes owed to HMRC for any expenses and benefits paid to employees where tax has not been deducted at source.

c) *Pensions deficit*

Provision for deficit payments owed to the Art's Council Retirement Plan defined benefit pension scheme to cover liabilities arising from past service cost.

17. RECONCILIATION OF MOVEMENT IN FUNDS

	AT 31 MARCH 2022 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2023 £000s
Endowment funds	747	**15**	**–**	**16**	**–**	**778**
Restricted funds	1,012	**161,810**	**(162,108)**	**–**	**–**	**714**
Unrestricted income funds	852	**398,990**	**(398,731)**	**(166)**	**2**	**947**
CAPITAL FUNDS						
Designated funds	8,825	**233**	**–**	**–**	**–**	**9,058**
Donated asset reserve	–	**–**	**–**	**–**	**–**	**–**
Capital reserve	3,026	**720**	**(468)**	**–**	**(2)**	**3,276**
Pension reserve	405	**–**	**–**	**(405)**	**–**	**–**
	14,867	**561,768**	**(561,307)**	**(555)**	**–**	**14,773**

DESCRIPTION OF FUNDS

Endowment funds

Arts Council England is the beneficiary of various legacies including the Compton Poetry Fund, the McCann Fund, and the Thornton Fund.

Restricted funds

The Arts Council receives specific ring-fenced Grant-in-Aid as well as grants, sponsorship and donations from various other sources for specific activities. Any such income and associated expenditure is identified separately.

Unrestricted income funds

Grant-in-Aid is received from the Department for Culture, Media and Sport (DCMS). This is the Arts Council's main source of income and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council. Use of these funds in subsequent years is restricted by the Government's budgetary controls.

Capital funds

a) *Designated funds*

This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

b) *Revaluation reserve*

This fund shows the difference between the original purchase cost (which is shown within Designated Funds above) and the current market value of the Arts Council Collection.

c) *Donated asset reserve*

This fund relates mainly to donations received by the Arts Council for obtaining Works of Art for our Collection.

d) *Capital reserve*

The capital reserve represents the balance of tangible assets.

e) *Pension reserve*

The pension reserve reflects the movements in the West Yorkshire Pension Fund defined benefit scheme.

18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2022/23 £000s	2021/22 £000s
Net income/(expenditure)	**477**	8,841
Interest receivable	**(3)**	–
(Profit)/Loss on disposal of Fixed Assets	**2**	–
Dividends received	**(12)**	(11)
Depreciation and impairment charges	**468**	598
(Gains)/losses on investments	**(15)**	(53)
Decrease/(increase) in debtors and prepayments	**(14,715)**	169,766
Decrease/(Increase) in grants paid in advance	**–**	1,128
Increase/(decrease) in grants outstanding	**(5,517)**	(289,405)
(Decrease)/Increase in creditors	**(822)**	(365)
(Decrease)/Increase in provisions	**1,024**	95
(Decrease)/Increase in defined benefit liability	**(167)**	32
Net cash provided by/(used in) operating activities	**(19,280)**	(109,374)

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2022/23 £000s	2021/22 £000s
(Decrease)/increase in cash and cash equivalents in the year	**(20,233)**	(109,890)
Cash at 1 April 2022	**78,345**	188,236
Cash at 31 March 2023	**58,112**	78,346

20. ANALYSIS OF NET CASH

	1 APRIL 2022 £000s	CASH FLOW £000s	**31 MARCH 2023 £000s**
Cash at bank	78,345	(20,233)	**58,112**

21. LEASES

At 31 March 2023, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	**31 MARCH 2023 £000s**	31 MARCH 2022 £000s
within one year	**1,511**	1,810
within two and five years inclusive	**2,537**	3,345
over five years	**–**	326
	4,048	5,481

THE LEASES RELATE PRIMARILY TO THE NINE OFFICES THAT ARE OCCUPIED BY ARTS COUNCIL ENGLAND.

22. SOUTHBANK CENTRE LEASE

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the Southbank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

23. ROYAL NATIONAL THEATRE LEASE

The Arts Council owns the freehold of the Royal National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

24. CAPITAL COMMITMENTS

As at 31 March 2023, the total value of capital commitments was £nil (2021/22: £nil).

25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. No losses were incurred and no special payments were made during 2022/23.

	2022/23 £000s	2021/22 £000s
Total value of losses and special payments	–	3
Total number of losses and special payments	–	2

26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Culture, Media and Sport (99.51 per cent) (2021/22: 99.75 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (96.64 per cent) (2021/22: 97.72 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of several legacies including the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £778,000 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Culture, Media and Sport (DCMS) in 2018.

In the past 12 months, 0.49% of funding was received from sources other than DCMS and 0.00% was generated from cash balances. This means that 99.51% of funding is sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

26b. INTEREST RATE RISK

As an Arms-Length Body of the Department for Culture, Media and Sport, our bank accounts are with the Government Banking Service, which is operated by RBS NatWest. This means that surplus daily cash balances are offset against overall Government debt by HM Treasury, thereby reducing the amount of interest which is paid by the Government. However, this means that no credit interest is received by Arts Council England.

26c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
DCMS debtor	**118,582**	102,653
Trade debtors	**1,631**	115
Other debtors	**133**	586
Accrued income	**891**	1,034
Due from Arts Council Lottery accounts	**5,195**	7,329
Cash at bank and in hand	**58,112**	78,345
	184,544	190,062

In our view the book value of the assets is the same as the fair value.

26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Grants outstanding	**175,099**	180,615
Trade creditors	**2,656**	3,264
Other creditors including taxes and social security	**200**	236
Accruals	**1,570**	1,901
Deferred income	**1,172**	1,020
	180,697	187,036

27. RELATED PARTIES

27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	644	289	–	Britten Sinfonia	Family Member is Board Member
Abigail Pogson	3,841	250	–	North Music Trust	Managing Director
Andrew Miller MBE	60	69	–	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	12	–	3	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	1	6	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	1,615	42	–	Coventry City of Culture Trust	Advisor/Consultant
	–	–	125	Department for Work and Pensions	Appointed UK Disability Champion Arts & Culture
	194	–	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	575	–	–	Graeae Theatre Company Ltd	Advisor/Consultant
	124	90	–	Local Government Association (LGA)	Advisor/Consultant
	1,380	230	–	Nottingham Playhouse Trust Limited	Family Member is Employee
	15,260	–	–	Royal Shakespeare Company	Trustee and Governor
	294	–	–	Shape Arts	Advisor/Consultant
	102	–	–	Tete a Tete	Advisor/Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	949	132	–	The Audience Agency	Advisor/Consultant
	159	9	–	The Space	Board Member and Advisor/Consultant
	1,341	113	–	University of Oxford	Advisor/Consultant
	268	99	–	Unlimited	Advisor/Consultant

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
David Bryan CBE	707	–	–	Battersea Arts Centre	Chair of organisation
	1,069	850	–	Creative Lives Charity Limited	Chair of organisation
	484	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch CBE	217	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	413	25	–	Artcore	Freelands Foundation Organisation
	60	69	–	Arts Council of Wales	Freelands Foundation Organisation
	3,038	253	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	1	–	–	Bath Spa University	Freelands Foundation Organisation
	150	150	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	937	–	–	Camden Arts Centre	Freelands Foundation Organisation
	81	–	–	Counterpoints Arts	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Freelands Foundation Organisation
	814	300	–	Donmar Warehouse Projects Ltd	Board Member
	2,354	196	69	English Stage Company Limited	Freelands Foundation Organisation
	1,526	697	–	Firstsite Ltd	Freelands Foundation Organisation
	190	–	–	Focal Point Gallery	Freelands Foundation Organisation
	102	–	–	Hastings Contemporary	Freelands Foundation Organisation
	62	6	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation
	1,030	1	–	Ikon Gallery	Freelands Foundation Organisation
	233	–	–	Institute of International Visual Arts	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	613	–	–	John Hansard Gallery	Freelands Foundation Organisation
	296	–	–	Kettle's Yard	Freelands Foundation Organisation
	1,619	1,571	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	10	–	3	Manchester Metropolitan University	Freelands Foundation Organisation
	390	–	–	MK Gallery	Freelands Foundation Organisation
	909	–	–	Modern Art Oxford	Freelands Foundation Organisation
	16	1	–	National Art Collections Fund	Freelands Foundation Organisation
	–	46	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	869	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	111	93	–	Nottingham Trent University	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	41	–	Primary	Freelands Foundation Organisation
	46	307	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	342	13	–	Serendipity	Freelands Foundation Organisation
	815	–	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	51	–	–	Tannery Arts Limited	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	923	–	–	The Hepworth Wakefield	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	233	233	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	871	505	–	Towner Art Gallery & Museum	Freelands Foundation Organisation
	290	–	–	Triangle Arts Trust	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	241	42	–	University of the Arts London	Freelands Foundation Organisation
	465	–	–	Wysing Arts Centre	Freelands Foundation Organisation
	1,511	111	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,301	–	–	Wiltshire Creative	Board Member
Jamie Njoku-Goodwin	1,429	–	–	Britten Pears Arts	Trustee
	12,608	–	–	English National Opera	Advisory Board Member
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	2,080	173	–	London Philharmonic Orchestra	Board Director
Kate Willard OBE	–	–	540,236	Department for Culture, Media and Sport	Board Member
Paul Roberts OBE	44	–	–	Department for Education	Group member
	–	56	–	Durham University	Commisioner
	1,024	–	–	Nottingham Contemporary	Board Member
	718	213	–	Nottingham Music Service	Board Member

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Professor Roni Brown	244	–	–	Cement Fields	Affiliated through employer
	1,827	–	–	Contemporary Dance Trust	Affiliated through employer
	–	4	–	Farnham Maltings Association Ltd	Family member is Director
	233	–	–	Institute of International Visual Arts	Affiliated through employer
	682	–	–	Turner Contemporary	Affiliated through employer
	241	42	–	University of the Arts London	Employee
	175	175	–	Whitstable Community Museum and Gallery	Affiliated through employer
Sukhy Johal MBE	20	2	–	The University of Lincoln	Employee
	82	–	–	Threshold Studios	Family member is employee
YolanDa Brown OBE	1	–	–	BPI (British Recorded Music Industry) Limikted	Chair of organisation
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	2,080	173	–	London Philharmonic Orchestra	Advisory Board Member
	20,177	1,591	–	Southbank Centre	Advisory Board Member
	31	3	–	The National Foundation for Youth Music	Chair of organisation

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	151	35	–	A New Direction London Limited	Tate Exchange organisation
	1,120	725	–	Arvon Foundation	Tate Exchange organisation
	447	36	–	CAST (Cornubian Arts and Science Trust)	Partner is Chair of the Trust
	123	–	–	Intoart	Tate Exchange organisation
	–	1	–	Ligeti Quartet	Niece is manager
	41	–	–	NMC Recordings Ltd.	Sister is trustee
	685	48	–	Studio Wayne McGregor Ltd	Tate Exchange organisation
Andrew Miller MBE	143	74	–	Arts Council of Wales	Board member
	1,565	600	–	Coventry City of Culture Trust	Advisor/consultant
	2	–	26	Department for Work and Pensions	Ongoing. UK Government Disability Champion for Arts & Culture
	2	–	–	Cabinet Office	See above. Office for Disability Issues moved from the Department of Work and Pensions to the Cabinet Office.
	575	–	–	Graeae Theatre Company Ltd	Advisor/consultant
	–	8	–	Jerwood Charitable Foundation	Advisor/consultant
	15,260	–	–	Royal Shakespeare Company	Other/Governor
	382	40	–	Screen South	Advisor/consultant
	102	–	–	Tete a Tete	Advisor/consultant
	868	–	–	The Artangel Trust	Advisor/consultant
	25	27	–	The Clore Leadership Programme	Other/Conference Panellist
	–	5	–	TheSpace C.I.C.	Board member
	8	–	–	The Stage Media Company Ltd	Other/Conference Panellist
	–	28	–	Warwick District Council Arts Section	Other/Conference Panellist

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Catherine Mallyon CBE	–	144	–	City of Birmingham Symphony orchestra	Partner is a board member
	100	30	–	Creative Industries Federation	Board Member
	30	–	–	Orchestra of the Swan	Advisory Council Member
	15,260	–	–	Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	271	5	–	Shakespeare Birthplace Trust	Advisory Council member
Ciara Eastell OBE	175	–	–	Libraries Unlimited South West	Trustee and CEO (remunerated)
David Joseph CBE	181	–	–	Julie's Bicycle	Director/Trustee
Elisabeth Murdoch CBE	432	22	–	a-n The Artists Information Company	Freelands Foundation Organisation
	143	74	–	Arts Council of Wales	Freelands Foundation Organisation
	3,097	–	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	957	–		Camden Arts Centre	Freelands Foundation Organisation
	447	36	–	CAST (Cornubian Arts and Science Trust)	Teresa Gleadowe, the founder of this organisation, sits on the advisory board of Freelands Foundation
	153	–	–	Create London	Freelands Foundation Organisation
	830	0	–	Firstsite Ltd	Freelands Foundation Organisation
	190	–	–	Focal Point Gallery	Freelands Foundation Organisation
	340	71	–	Hastings Contemporary	Freelands Foundation Organisation
	1,028	50	–	Ikon Gallery	Freelands Foundation Organisation
	233	–	–	Institute of International Visual Arts	Freelands Foundation Organisation
	613	–	–	John Hansard Gallery	Freelands Foundation Organisation
	296	–	–	Kettle's Yard	Freelands Foundation Organisation
	2,272	653	–	Leeds Museums and Galleries	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	390	7	–	MK Gallery	Freelands Foundation Organisation
	909	14	–	Modern Art Oxford	Freelands Foundation Organisation
	–	1	–	National Art Collections Fund	Freelands Foundation Organisation
	20	56	–	Nesta	Freelands Foundation Organisation
	879	1	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	15	–	Nottingham Contemporary	Freelands Foundation Organisation
	94	–	–	Open School East	Freelands Foundation Organisation
	1,616	94	–	Sheffield Galleries & Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	–	125	–	Somerset House Trust	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	923	15	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	210	63	–	The Whitworth, University of Manchester	Freelands Foundation Organisation
	366	427	–	Towner Art Gallery	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	249	68	–	University of the Arts London	Freelands Foundation Organisation
	480	–	–	Wysing Arts Centre	Freelands Foundation Organisation
	1,511	80	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,442	42	–	Wiltshire Creative	Board member

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Kate Willard OBE	1,012	–	880,507	Department for Culture, Media and Sport	Member of Independent Review of Destination Management Organisations
	–	50	–	RSA (The Royal Society for the Encouragement of Arts, Manufactures & Commerce)	Royal Society of Arts Fellow
Michael Eakin	2,352	7	–	Royal Liverpool Philharmonic	Director – Remunerated
Paul Roberts OBE	151	35	–	A New Direction London Limited	Advisor/Consultant – Not remunerated
	61	56	–	Durham University	Commissioner for the ACE/Durham University Commission on Education and Creativity. Not remunerated
	1,024	15	–	Nottingham Contemporary	Board member – Not remunerated
	533	–	–	Nottingham Music Service	Board member and former Chair of the Board Not remunerated
Professor Roni Brown	1,827	–	–	Contemporary Dance Trust	There is a proposal for partnership between UAL, of which Prof Roni Brown is Deputy Vice-Chancellor, and the organisation.
	–	6	–	Farnham Maltings Association	Partner is a director.
	233	–	–	Institute of International Visual Arts	Organisation is hosted at University of the Arts London.
	682	–	–	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services.
	249	68	–	University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
Ruth MacKenzie CBE	221	54	–	Improbable	Board member
	1,216	–	–	Serpentine Galleries	Board member
	–	125	–	Somerset House Trust	Partner in a project

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sukhy Johal MBE	879	1	–	New Art Exchange Ltd	Board member
	88	22	–	The University of Lincoln	Employee
	82	10	–	Threshold Studios	Partner is a project director
Tessa Ross CBE	100	–	30	Creative Industries Federation	Board member
	514	181	–	Donmar Warehouse Projects Ltd	Trustee

27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	72	–	British Youth Music Theatre	Family member is artist/ practitioner
	11	–	Creative Industries Federation	Advisor until Sep/21
	10	–	Manchester Metropolitan University	Financial donor
	788	788	University of Leeds	Advisor
Francis Runacres MBE	45	26	Outset Contemporary Art Fund	Board Member until Feb/19
Mags Patten	157	120	National Academy for Social Prescribing	Advisory group role until Jan/20
	19	4	University of Bath	Student at University
Navees Rahman	244	36	National Justice Museum	Co-opted member of Finance and Audit Committee until Feb/23
Richard Russell	–	6	Awards for Young Musicians	Donor/Lender
Simon Mellor OBE	1	–	Bath Spa University	Partner is employee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	100	30	Creative Industries Federation	Vice-chair and member of Advisory Group
	–	2	Cultural Institute, University of Leeds	Unpaid member of Advisory Group
Elizabeth Bushell	468	468	Bletchley Park Trust	Board member
Peter Knott	764	3	One Dance UK	Partner is paid Chair of Young People panel.
	2,299	466	Leicester Theatre Trust Limited	Partner is Head of Learning.
	–	494	De Montfort University	Partner is a senior lecturer
Phillip Gibby	109	–	RISE Youth Dance	Partner is advisor/consultant.
	16	–	Theatre Bristol Ltd	Partner is employee
Simon Mellor OBE	82	9,442	Manchester City Council	Part-time Project Director of The Factory
	52	–	International Federation of Arts Councils and Culture Agencies	Board Member and Treasurer of IFACCA's executive committee
Tonya Nelson	15	20	The National Gallery	Board Member
Mags Patten	25	27	The Clore Leadership Programme	Part of steering group
	8	–	The Stage Media Company Ltd	Part of steering group
Liz Johnson	822	2,059	University of Warwick	Sister is Assistant Director, Finance

The declared interests of National Council members and Executive Board are available at the following link:

https://www.artscouncil.org.uk/our-organisation/national-council

27c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport (DCMS) is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2023 £000s	**DEBTOR 31 MARCH 2023 £000s**	CREDITOR 31 MARCH 2022 £000s	DEBTOR 31 MARCH 2022 £000s
Balances with other DCMS Government bodies	**3,719**	**1,432**	4,598	11,853
Balances with other central Government bodies	**25**	**143**	875	49
Balances with academies	**–**	**92**	64	27
Balances with local authorities	**72,744**	**–**	65,411	–
Balances with NHS Trusts	**10**	**–**	10	–
Balances with public corporations and trading funds	**46**	**–**	56	–

During 2022/23, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE 31 MARCH 2023 £000s	**INCOME 31 MARCH 2023 £000s**	EXPENDITURE 31 MARCH 2022 £000s	INCOME 31 MARCH 2022 £000s
Transactions with other DCMS Government bodies	**2,375**	**540,396**	1,380	880,617
Transactions with other central Government bodies	**5,012**	**640**	9,728	273
Transactions with academies	**384**	**89**	490	193
Transactions with local authorities	**99,256**	**46**	107,938	–
Transactions with NHS Trusts	**–**	**–**	15	–
Transactions with public corporations and trading funds	**–**	**–**	20	–

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting treatments, there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported deficit of £96,000 but our overall DEL underspend for the year was £350,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2023
Overspend/(Underspend as per SOFA)	94
EXCLUDE NON-DEL TRANSACTIONS	
FRS17 (Deficit)/Surplus	(405)
Gain on investments	16
Depreciation	(468)
Capital expenditure	953
Provisions adjustments	(555)
Legacy income	15
Donations	–
Legacy expenditure	–
DEL Underspend (excluding Depreciation)	(350)
REPRESENTED BY :	
RDEL underspend	(334)
CDEL underspend	(16)
	(350)

29. CONTINGENT LIABILITIES

As at 31 March 2023 four Employment tribunal cases had been lodged against Arts Council England, which are yet to go to a full hearing. At this stage Arts Council England believe that all cases will be defended successfully and therefore no provision has been made in the Accounts.

30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

31 RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODIES

31A VICTORIA & ALBERT MUSEUM

The Victoria & Albert Museum is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:	
Opening grant creditor balance as at 1 April	–
Grant commitment in the year	750
Grant payments in the year	–
Closing grant creditor balance as at 31 March	**750**

31B BRITISH LIBRARY

The British Library is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:	
Opening grant creditor balance as at 1 April	3,400
Grant commitment in the year	–
Grant payments in the year	(788)
Closing grant creditor balance as at 31 March	**2,612**

32 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2021/22 £000s
INCOME AND ENDOWMENTS FROM:								
Donations and legacies	**380,334**	**159,902**	**–**	**540,236**	366,455	320,365	–	686,820
Investments	**–**	**–**	**15**	**15**	–	–	11	11
Charitable activities	**750**	**1,908**	**–**	**2,658**	325	1,413	–	1,738
Other: Lottery distribution accounts	**18,859**	**–**	**–**	**18,859**	15,907	–	–	15,907
Total income and endowments	**399,943**	**161,810**	**15**	**561,768**	382,687	321,778	11	704,476
EXPENDITURE ON:								
Charitable activities (including Governance costs)	**380,340**	**162,108**	**–**	**542,448**	366,342	321,494	–	687,836
Other: Support costs attributable to Lottery distributions accounts	**18,859**	**–**	**–**	**18,859**	15,907	–	–	15,907
Total expenditure	**399,199**	**162,108**	**–**	**561,307**	382,249	321,494	**–**	703,743
Net gains/(losses) on investments	**–**	**–**	**16**	**16**	–	–	53	53
Total income/ (expenditure) before exceptional items	**744**	**(298)**	**31**	**477**	438	284	**64**	786
EXCEPTIONAL ITEMS								
Cost of fundamental reorganisation	**–**	**–**	**–**	**–**	–	–	–	–
Net income/ (expenditure)	**744**	**(298)**	**31**	**477**	438	284	64	786
TRANSFERS								
Gross transfers between funds	**–**	**–**	**–**	**–**	–	–	–	–
Total income/ (expenditure) before other recognised gains and losses	**744**	**(298)**	**31**	**477**	438	284	64	786
OTHER RECOGNISED GAINS/LOSSES								
Gain on revaluation of heritage assets	**–**	**–**	**–**	**–**	–	–	–	–
Actuarial gains/(losses) on defined benefit pension schemes	**(571)**	**–**	**–**	**(571)**	941	–	–	941
Net movement in funds	**173**	**(298)**	**31**	**(94)**	1,379	284	64	1,727
RECONCILIATION OF FUNDS:								
Balance brought forward at 1 April	**13,108**	**1,012**	**747**	**14,867**	(504)	–	–	(504)
Total funds carried forward at 31 March	**13,281**	**714**	**778**	**14,773**	13,108	1,012	747	14,867

33 BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2023 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2022 £000s
FIXED ASSETS:								
Tangible assets	**3,276**	**–**	**–**	**3,276**	3,026	–	–	3,026
Heritage assets – works of art	**9,058**	**–**	**–**	**9,058**	8,825	–	–	8,825
Investments	**–**	**–**	**778**	**778**	–	–	747	747
Total fixed assets	**12,334**	**–**	**778**	**13,112**	11,851	–	747	12,598
CURRENT ASSETS								
Debtors	**–**	**121,237**	**–**	**121,237**	–	104,388	–	104,388
Due from Arts Council Lottery accounts	**5,195**	**–**	**–**	**5,195**	7,329	–	–	7,329
Grants paid in advance	**–**	**–**	**–**	**–**	–	–	–	–
Cash and cash equivalents	37,065	21,047	**–**	58,112	16,548	61,797	–	78,345
Total current assets	**42,260**	**142,284**	**–**	**184,544**	23,877	166,185	–	190,062
LIABILITIES								
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR								
Grants outstanding	**33,897**	**141,201**	**–**	**175,098**	16,681	163,934	–	180,615
Due to Arts Council Lottery accounts	**–**	**–**	**–**	**–**	–	–	–	–
Creditors	**5,230**	**369**	**–**	**5,599**	5,182	1,239	–	6,421
Total creditors: amounts falling due within one year	**39,127**	**141,570**	**–**	**180,697**	21,863	165,173	–	187,036
Net current assets	**3,133**	**714**	**–**	**3,847**	2,014	1,012	–	3,026
Total assets less current liabilities	**15,467**	**714**	**778**	**16,959**	13,865	1,012	747	15,624
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
Provisions for liabilities and charges	**2,186**	**–**	**–**	**2,186**	1,162	–	–	1,162
Net assets excluding pension liability	**13,281**	**714**	**778**	**14,773**	12,703	1,012	747	14,462
Defined benefit pension scheme liability	**–**	**–**	**–**	**–**	(405)	–	–	(405)
Net assets including pension liability	**13,281**	**714**	**778**	**14,773**	13,108	1,012	747	14,867
THE FUNDS OF THE CHARITY:								
REPRESENTED BY INCOME FUNDS								
Unrestricted fund	**947**	**–**	**–**	**947**	852	–	–	852
Restricted fund	**–**	**714**	**–**	**714**	–	1,012	–	1,012
REPRESENTED BY CAPITAL FUNDS								
Endowment funds	**–**	**–**	**778**	**778**	–	–	747	747
Designated fund	**9,058**	**–**	**–**	**9,058**	8,825	–	–	8,825
Donated asset reserve	**–**	**–**	**–**	**–**	–	–	–	–
Capital reserve	**3,276**	**–**	**–**	**3,276**	3,026	–	–	3,026
Pension reserve	**14,469**	**–**	**–**	**–**	405	–	–	405
Total charity funds	**13,281**	**714**	**778**	**14,773**	13,108	1,012	747	14,867

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

34. CULTURAL RECOVERY FUND: REPAYABLE FINANCE

The Cultural Recovery Fund (Repayable Finance) programme is part of the Government's £1.57 billion package to protect the UK's culture and heritage sectors from the economic impacts of Covid-19. It was intended to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but were subsequently at risk of no longer trading viably by 31 March 2021.

The programme consists of DCMS loans totalling £256 million to 40 organisations, which are repayable over a period of up to 20 years.

As the loans were made on behalf of DCMS they are not included in the accounts for Arts Council England. However the £1,165,833 income received by Arts Council England for administering the loans is included within Note 3.

09.

Lottery distribution accounts

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Arts Council England Lottery Distribution Account for the year ended 31 March 2023 under the National Lottery etc Act 1993.

The financial statements comprise the Arts Council England Lottery Distribution Account's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England Lottery Distribution Account's affairs as at 31 March 2023 and its total comprehensive expenditure for the year for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Chief Executive with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Arts Council Lottery Distribution Accounts is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

The other information comprises the information included in the Performance and Accountability Report, but does not include the financial statements nor my auditor's certificate and report. The Trustees and Chief Executive is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of the Trustees and Chief Executive's Responsibilities, the National Council and Chief Executive are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Arts Council England from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Chief Executive anticipate that the services provided by the Arts Council England will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies, and key performance indicators.
- inquired of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the National Lottery etc Act 1993 and Managing Public Money;
- inquired of management, the Arts Council England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

— discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates, and grant expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Arts Council England's framework of authority and other legal and regulatory frameworks in which the Arts Council England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included the National Lottery etc Act 1993, and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

— I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;

— in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

— I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

REPORT

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

26 JUNE 2023

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	31 MARCH 2023 £000	31 MARCH 2022 £000
INCOME			
Share of proceeds from the National Lottery Distribution Fund	2	**246,755**	252,290
Investment returns on the Distribution Fund	2	**4,952**	357
		251,707	252,647
Other income	3	**1,095**	629
Total income		**252,802**	253,276
EXPENDITURE			
Grant expenditure:			
Grant commitments made in the year		**428,375**	257,027
Less: lapsed and revoked commitments		**(1,121)**	(8,574)
Net grant commitments	10	**427,254**	248,453
Other expenditure:			
Invoiced Arts expenditure		**1,069**	453
Costs apportioned from Grant-in-Aid accounts	6	**18,859**	15,907
Total expenditure		**447,182**	264,813
Total comprehensive expenditure for the year ended 31 March		**(194,380)**	(11,537)

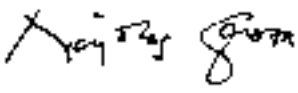
ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.
THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	NOTE	31 MARCH 2023 £000s	31 MARCH 2022 £000s
CURRENT ASSETS			
Trade and other receivables	9	**9**	154
Investments: balance in the National Lottery Distribution Fund	2	**210,799**	193,770
Cash and cash equivalents	14	**962**	11,691
Total current assets		**211,770**	205,615
CURRENT LIABILITIES			
Grant liabilities due within one year	10	**191,274**	185,497
Trade and other payables	11	**108**	172
Due to Grant-in-Aid accounts	19e	**5,195**	7,329
Total current liabilities		**196,577**	192,998
Net current assets		**15,193**	12,617
NON-CURRENT LIABILITIES			
Grant liabilities due in more than one year	10	**228,282**	31,326
Net Liabilities		**(213,089)**	(18,709)
EQUITY			
General reserve		**(213,089)**	(18,709)
		(213,089)	(18,709)

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
21 JUNE 2023



Sir Nicholas Serota CH
Chair
21 JUNE 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 £000s	2021/22 £000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Funds received from the National Lottery Distribution Fund	2	**234,678**	269,440
Other cash receipts		**1,240**	515
Grants paid	10	**(224,521)**	(248,116)
Cash paid to Grant-in-Aid accounts		**(20,993)**	(10,065)
Other cash payments		**(1,134)**	(952)
Net cash inflow/(outflow) from operating activities	12	**(10,730)**	10,822
Net increase/(decrease) in cash and cash equivalents	13/14	**(10,730)**	10,822
Cash and cash equivalents at beginning of period		**11,692**	870
Cash and cash equivalents at end of period		**962**	11,692

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	GENERAL RESERVE 2022/23 £000s	FAIR VALUE RESERVE 2022/23 £000s	TOTAL RESERVES 2022/23 £000s	TOTAL RESERVES 2021/22 £000s
Closing reserve position 31 March	**(18,710)**	**–**	**(18,710)**	(7,172)
Transferred (to)/from the statement of comprehensive net expenditure	**(194,380)**	**–**	**(194,380)**	(11,538)
Closing reserve position 31 March	**(213,090)**	**–**	**(213,090)**	(18,710)

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.

NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

1. ACCOUNTING POLICIES

1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Arts Council England continues to adopt the going concern concept in the preparation of the Lottery accounts. Grant commitments for future years have been entered into after taking account of income projections provided by the Gambling Commission. Arts Council England assumes that the Lottery will continue to operate and the transfer of operations from Camelot to Allwyn will have no material impact on Lottery income.

Last year the Statement of Financial Position showed a deficit of £19 million. This year the position has moved to a deficit of £213 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments is shown in the accounts in the year when the commitment is made. In 2022/23 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2022/23 of £428 million, for activity and payments which will take place over the period 2022-26. The deficit showing at the end of 2022/23 will gradually reduce over the next four years as we make payments against the grants that were committed in 2022/23.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Income from the National Lottery is recognised in the Accounts when information is provided to Arts Council England by the NLDF. Grant commitments are recognised as expenditure in the Accounts when the offer is made to the grant applicants. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year. Other expenditure is recognised in the Accounts when goods and services have been received or when there is a contractual obligation to pay.

1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there's no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with Charities SORP (FRS102).

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

2. NATIONAL LOTTERY DISTRIBUTION FUND

	2022/23 £000s	2021/22 £000s
Balance at 1 April	**193,770**	210,563
Share of proceeds from the National Lottery Distribution Fund	**246,755**	252,290
Investment returns on the Distribution Fund	**4,952**	357
Cash drawn down	**(234,678)**	(269,440)
Balance at 31 March	**210,799**	193,770

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2023 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2022/23 £000s	2021/22 £000s
Other central Government bodies	**–**	50
Public Corporations	**800**	–
Sundry	**295**	579
	1,095	629

Grants, sponsorship and donations are analysed as follows:

	2022/23 £000s	2021/22 £000s
OTHER CENTRAL GOVERNMENT BODIES		
Historic England	**–**	50
PUBLIC CORPORATIONS		
Nesta Arts & Culture LLP	**800**	–
SUNDRY		
Freelands Foundation	**216**	540
PUBLIC CORPORATIONS		
Other grants, sponsorship and donations	**79**	39
	1,095	629

4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. PENSIONS

Arts Council England are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2022/23 £000s	2021/22 £000s
Staff costs	**14,453**	11,493
Indirect staff costs	**62**	146
Premises	**1,019**	1,050
Supplies and services	**1,975**	1,873
Travel & Subsistence	**251**	103
Professional Fees	**496**	758
Central Costs	**147**	182
Other Recharges – contribution to Capital	**457**	302
	18,860	15,907
Corporate governance costs included above	**1,242**	648

7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2022/23 £000s	2021/22 £000s
Stated after charging:		
(a) Auditors' remuneration	**65**	64
(b) Staff travel, subsistence and hospitality	**251**	103

The fee for the statutory audit in 2022/23 is £65,000 (2021/22: £64,375). There were no fees payable to the auditors for non-audit services.

8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. RECEIVABLES

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Prepayments and accrued income	**–**	–
Other receivables	**9**	154
Provision for doubtful debts	**–**	–
	9	154

10. GRANT COMMITMENTS

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Grant liabilities brought forward	**216,823**	216,485
Grant commitments made	**428,375**	257,028
Less: lapsed and revoked commitments	**(1,121)**	(8,574)
Grant liabilities paid	**(224,521)**	(248,116)
Balance of grant liabilities outstanding carried forward	**419,556**	216,823

AGEING OF GRANT LIABILITIES:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
2021/22	**N/A**	185,496
2022/23	**191,274**	19,496
2023/24	**121,026**	11,831
2024/25	**106,852**	
2025/26	**404**	
	419,556	216,823

11. CURRENT LIABILITIES

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Trade payables	**95**	159
Other payables	**13**	13
	108	172

12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2022/23 £000s	2021/22 £000s
Operating surplus	**(194,380)**	(11,538)
Decrease in receivables and prepayments	**(16,884)**	16,679
Decrease in payables	**200,535**	5,680
Net cash inflow/(outflow)	**(10,729)**	10,821

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2022/23 £000s	2021/22 £000s
Increase/(decrease) in cash and cash equivalents in the year	**(10,729)**	10,821
Funds at 1 April	**11,691**	870
Funds at 31 March	**962**	11,691

14. CASH AND CASH EQUIVALENTS

	1 APRIL 2022 £000s	CASH FLOW £000s	31 MARCH 2023 £000s
Cash at bank and cash equivalents	11,691	(10,729)	**962**
	11,691	(10,729)	**962**

15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2023 (31 March 2022: £nil).

16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2023 (31 March 2022: £nil).

17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of NFYM as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2022/23 £000s	2021/22 £000s
Grant commitments in the year	**28,953**	9,651
NFYM payables balance as at 31 March	**28,953**	9,651
THIS RECONCILES TO NFYM'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**3,272**	4,310
INCOMING FUNDS:		
Arts Council England grant	**9,651**	9,651
other funds	**2,762**	3,703
OUTGOING FUNDS:		
grant expenditure	**(10,493)**	(12,448)
other expenditure	**(2,373)**	(1,944)
Balance at 31 March	**2,819**	3,272
Arts Council England receivables balance as at 31 March	**28,953**	9,651

The 2022/23 figures were unaudited at the date of signing these accounts. The 2021/22 figures have been adjusted to reflect the audited accounts.

18b. VICTORIA & ALBERT MUSEUM (V&A)

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of V&A as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2022/23 £000s	2021/22 £000s
Grant commitments in the year	**–**	750
V&A payables balance as at 31 March	**188**	1,050
THIS RECONCILES TO V&A'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**–**	–
INCOMING FUNDS:		
Arts Council England grant	**846**	638
other funds	**232**	115
OUTGOING FUNDS:		
grant expenditure	**(1,035)**	(592)
other expenditure	**(43)**	(16)
Balance at 31 March	**–**	–
Arts Council England receivables balance as at 31 March	**188**	1,050

The 2022/23 figures were unaudited at the date of signing these accounts. The 2021/22 figures have been adjusted to reflect the audited accounts.

18c. UK COMMUNITY FOUNDATIONS (UKCF)

UK Community Foundations (UKCF) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of UKCF as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2022/23 £000s	2021/22 £000s
Grant commitments in the year	**–**	5,000
UKCF payables balance as at 31 March	**50**	50
THIS RECONCILES TO UKCF'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**60**	–
INCOMING FUNDS:		
Arts Council England grant	**–**	4,950
other funds	**88**	–
OUTGOING FUNDS:		
grant expenditure	**–**	(4,500)
other expenditure	**(111)**	(390)
Balance at 31 March	**37**	60
Arts Council England receivables balance as at 31 March	**50**	50

The 2022/23 figures were unaudited at the date of signing these accounts. The 2021/22 figures have been adjusted to reflect the audited accounts.

18d. CREATIVE KERNOW LTD

Creative Kernow Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2022/23 £000s
Opening grant creditor balance as at 01 April	–
Grant commitment in the year	650
Grant payments in the year	–
Closing grant creditor balance as at 31 March	**650**

18e. CAUSE4 LTD

Cause4 Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2022/23 £000s
Opening grant creditor balance as at 1 April	–
Grant commitment in the year	1,528
Grant payments in the year	(127)
Closing grant creditor balance as at 31 March	**1,401**

19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2022 the fund balance was £194 million. This had increased to £211 million by 31 March 2023, at which point there were £420 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. LIQUIDITY RISK

In 2022/23, 99.57 per cent of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(213,090)

We are not exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £191 million over the next financial year.

LIQUID ASSETS AS AT 31 MARCH 2023:	£000s
Market value of National Lottery Distribution Fund investments	210,799
Cash and cash equivalents	962

19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £210,798,681.

	FUND BALANCE	INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2022/23	210,799	4,952	2.32%	1.96%
2021/22	193,770	357	0.19%	0.14%
2020/21	210,563	148	0.10%	0.06%
2019/20	256,637	1,199	0.72%	0.48%
2018/19	282,630	1,144	0.67%	0.51%
2017/18	298,105	660	0.35%	0.29%
2016/17	314,514	741	0.34%	0.32%
2015/16	334,285	1,095	0.50%	0.41%
2014/15	325,697	1,101	0.50%	0.40%
2013/14	286,613	1,083	0.50%	0.47%
2012/13	282,192	1,445	0.78%	0.53%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £961,765.41.

19c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

19d. FINANCIAL ASSETS BY CATEGORY

	2022/2023 £000s	2021/2022 £000s
RECEIVABLES DUE WITHIN ONE YEAR		
Accrued income	**–**	–
Other receivables	**9**	154
	9	154
INVESTMENTS		
National Lottery Distribution Fund	**210,799**	193,770
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**962**	11,691
Total financial assets	**211,770**	205,615

19e. FINANCIAL LIABILITIES BY CATEGORY

	2022/2023 £000s	2021/2022 £000s
Trade payables	**95**	159
Other payables	**13**	13
Due to Arts Council Grant-in-Aid accounts	**5,195**	7,329
Grant payables falling due within one year	**191,274**	185,497
Grant payables falling due over one year	**228,282**	31,326
Total financial liabilities	**424,859**	224,324

Included within the financial liabilities are amounts such as grants outstanding and deferred income.

20. RELATED PARTIES

20a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	135	–	Tate Gallery	Other: Advisor/ Consultant/Curator
	30	3	–	Tate Liverpool	Other: Advisor/ Consultant/Curator
	30	3	–	Yorkshire Youth & Music	Family Member is employee
Andrew Miller MBE	700	490	–	Coventry City of Culture Trust	Advisor/Consultant
	2,307	2,307	–	Graeae Theatre Company Ltd	Advisor/Consultant
	–	5	–	Independent Cinema Office	Advisor/Consultant
	1,281	1,281	–	Royal Shakespeare Company	Trustee and Governor
	–	334	–	Shape Arts	Advisor/Consultant
	307	307	–	Tete a Tete	Advisor/Consultant
	446	446	–	The Audience Agency	Advisor/Consultant
	–	50	–	The Clore Leadership Programme	Advisor/Consultant
	4,000	4,587	–	The Space	Board Member and Advisor/Consultant
David Bryan CBE	–	225	–	Battersea Arts Centre	Chair of organisation
	507	507	–	Creative Lives Charity Limited	Chair of organisation
Elisabeth Murdoch CBE	650	650	–	a-n The Artists Information Company	Freelands Foundation Organisation
	489	489	–	Artcore	Freelands Foundation Organisation
	603	603	–	Bath Spa University	Freelands Foundation Organisation
	45	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	84	84	–	Camden Arts Centre	Freelands Foundation Organisation
	319	319	–	Counterpoints Arts	Freelands Foundation Organisation
	2,489	2,538	–	Firstsite Ltd	Freelands Foundation Organisation
	–	5	–	Focal Point Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	–	–	216	Freelands Foundation Organisation	Founder and Chair
	306	306	–	Hastings Contemporary	Freelands Foundation Organisation
	2,739	2,739	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,838	1,988	–	John Hansard Gallery	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	6	–	MAIA	Freelands Foundation Organisation
	50	50	–	Manchester Metropolitan University	Freelands Foundation Organisation
	2,726	2,726	–	Modern Art Oxford	Freelands Foundation Organisation
	890	890	–	National Art Collections Fund	Freelands Foundation Organisation
	–	4	–	Primary	Freelands Foundation Organisation
	300	300	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	1,283	1,296	–	Serendipity	Freelands Foundation Organisation
	2,444	2,444	–	Sheffield Museums Trust	Freelands Foundation Organisation
	855	1,435	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	154	154	–	Tannery Arts Limited	Freelands Foundation Organisation
	–	135	–	Tate Gallery	Freelands Foundation Organisation
	30	3	–	Tate Liverpool	Freelands Foundation Organisation
	25	25	–	The African Centre	Freelands Foundation Organisation
	2,768	2,768	–	The Hepworth Wakefield	Freelands Foundation Organisation
	–	40	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	382	532	–	University of the Arts London	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	–	12	–	Whitworth Art Gallery	Freelands Foundation Organisation
	1,396	1,401	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	–	50	–	Wiltshire Creative	Board Member
Jamie Njoku-Goodwin	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	–	8	–	Music Managers Forum Ltd	This organisation is a member of UK Music and the CEO sits on their board. Jamie is the CEO of UK Music.
Professor Roni Brown	450	450	–	Contemporary Dance Trust	Affiliated through employer
	–	3	–	Creative Foundation	Affiliated through employer
	2,584	2,584	–	Farnham Maltings Association Ltd	Family member is Director
	–	20	–	Institute of International Visual Arts	Affiliated through employer
	382	532	–	University of the Arts London	Employee
Sukhy Johal MBE	–	15	–	Lincoln Arts Trust Limited	Employer is accountable body
	–	564	–	The University of Lincoln	Employee
William Bush	154	154	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	–	15	–	PRS for Music Foundation	Board Member
	–	35	–	Southbank Centre	Advisory Board Member
	28,953	28,953	–	The National Foundation for Youth Music	Chair of organisation

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	1,562	1,534	–	A New Direction London Limited	Tate Exchange organisation.
	100	50	–	CAST (Cornubian Arts and Science Trust)	Partner is Chair of the Trust
	45	4	–	NMC Recordings Ltd.	Sister is trustee.
	270	135	–	Tate Gallery	Former Tate directorship remunerated. Ongoing curatorial advisor role on Nauman project remunerated.
Andrew Miller MBE	205	132	–	Graeae Theatre Company Ltd	Advisor/consultant
	50	25	–	Independent Cinema Office	Advisor/consultant
	445	602	–	Shape London	Advisor/consultant
	500	600	–	The Clore Leadership Programme	Other / Conference Panellist
	6,348	6,236	–	Welsh National Opera	Trustee
Catherine Mallyon CBE	–	350	–	Arts & Humanities Research Council	Board Member.
	2,261	2,221	–	City of Birmingham Symphony orchestra	Partner is a board member.
	–	60	–	National Trust	Partner is employee of National Trust Central Office.
	50	25	–	Orchestra of the Swan	Advisory Council Member
	467	459	–	Watermill Theatre	Partner is a board member.
Ciara Eastell OBE	153	153	–	Compton Verney House Trust	Advisor/Consultant (remunerated). Leadership Development and Coaching for Executive Team
	30	30	–	Double Elephant CIC	Partner is a director.
	36	–	–	Libraries Unlimited South West	Trustee and CEO (remunerated)
	270	135	–	Tate Gallery	Advisor/Consultant (remunerated)

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
David Joseph CBE	346	1,534	–	Julie's Bicycle	Director/Trustee
Elisabeth Murdoch CBE	697	872	–	Arnolfini Gallery	Freelands Foundation Organisation
	51	25	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	100	50	–	CAST (Cornubian Arts and Science Trust)	Founder of this organisation sits on the advisory board of Freelands Foundation
	300	150	–	Development Department, University of the Arts London	Freelands Foundation Organisation
	100	90	–	Firstsite Ltd	Freelands Foundation Organisation
	–	5	–	Focal Point Gallery	Freelands Foundation Organisation
			540	Freelands Foundation Organisation	Founder and Chair.
	–	40	–	Institute of International Visual Arts	Freelands Foundation Organisation
	300	150	–	John Hansard Gallery	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	65	1	–	Manchester Metropolitan University	Freelands Foundation Organisation
	–	1,275	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	–	65	–	New Art Exchange Ltd	Freelands Foundation Organisation
	–	75	–	Site Gallery	Freelands Foundation Organisation
	1,470	1,245	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	270	135	–	Tate Gallery	Also Chair of Tate Modern Advisory Council. Tate was funded by Freelands Foundation
	400	460	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	–	43	–	The Whitworth, University of Manchester	Freelands Foundation Organisation
	–	20	–	Turner Contemporary	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	29	31	–	University of Brighton (Brighton CCA)	Freelands Foundation Organisation
	45	4	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	100	100	–	Wiltshire Creative	Board member
Paul Roberts OBE	1,562	1,534	–	A New Direction London Limited	Advisor/Consultant – Not remunerated
	–	9	–	Durham University	Commissioner for the ACE/Durham University Commission on Education and Creativity. Not remunerated
Professor Roni Brown	300	150	–	Development Department, University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
	877	861	–	Farnham Maltings Association	Partner is a director
	–	20	–	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
	–	138	–	Whitstable Biennale	Colleague at UCA is Chair of the Board
Ruth MacKenzie CBE	–	148	–	Greater London Authority	Consultant for the Reopening London programme
	270	135	–	Tate Gallery	Board member
Sukhy Johal MBE	825	912	–	The University of Lincoln	Employee
	–	15	–	Lincoln Arts Trust Limited	Core LOV. The University of Lincoln acts as the accountable body for Lincoln One Venues (activity across 7 venues in total). The dedicated team report to Sukhy, who signs applications for funds. They also fund the LOV network as part of their NPO agreement, including Drill Hall.
	–	65	–	New Art Exchange Ltd	Board member
	–	10	–	Threshold Studios	Partner is a project director

20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	50	50	Manchester Metropolitan University	Financial donor
Mags Patten	603	603	Bath Spa University	Student at University
	–	50	The Clore Leadership Programme	Advisory group role until Sep/19
Simon Mellor OBE	603	603	Bath Spa University	Partner is employee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Peter Knott	–	6	De Montfort University	Partner is a senior lecturer.
	409	409	Leicester Theatre Trust Limited	Partner is Head of Learning.
	–	25	One Dance UK	Partner is paid Chair of Young People panel.
	10	–	Subhash Viman	Partner is a board member of Subhash's company Morph Productions (Currently called Morph Dance Company).
Simon Mellor OBE	80	46	Manchester City Council	Part-time Project Director of The Factory
Mags Patten	500	600	The Clore Leadership Programme	Part of steering group
Kate Bellamy	750	1,050	The Victoria and Albert Museum	Employee
Liz Johnson	36	4	School of Law, University of Warwick	Sister is Assistant Director, Finance

The declared interests of National Council members and Executive Board are available at the following link:

https://www.artscouncil.org.uk/our-organisation/national-council

20c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2023 £000s	**RECEIVABLES 31 MARCH 2023 £000s**	PAYABLES 31 MARCH 2022 £000s	RECEIVABLES 31 MARCH 2022 £000s
Balances with other DCMS Government bodies	**1,156**	**–**	3,040	–
Balances with other central Government bodies	**29**	**–**	–	–
Balances with academies	**3,265**	**–**	1,471	–
Balances with local authorities	**21,884**	**–**	7,923	–
Balances with NHS Trusts	**1,445**	**–**	1,361	–
Balances with public corporations and trading funds	**0**	**–**	1,413	–

	EXPENDITURE 31 MARCH 2023 £000s	**INCOME 31 MARCH 2023 £000s**	**EXPENDITURE 31 MARCH 2022 £000s**	**INCOME 31 MARCH 2022 £000s**
Transactions with other DCMS Government bodies	**1,195**	**11**	2,848	50
Transactions with other central Government bodies	**38**	**–**	–	–
Transactions with academies	**2,850**	**–**	1,069	–
Transactions with local authorities	**18,951**	**2**	6,643	–
Transactions with NHS Trusts	**294**	**–**	325	–
Transactions with public corporations and trading funds	**–**	**800**	138	–

21. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

Arts Council England did not have any contingent liabilities as at 31 March 2023.

22. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

23. LOSSES AND SPECIAL PAYMENTS

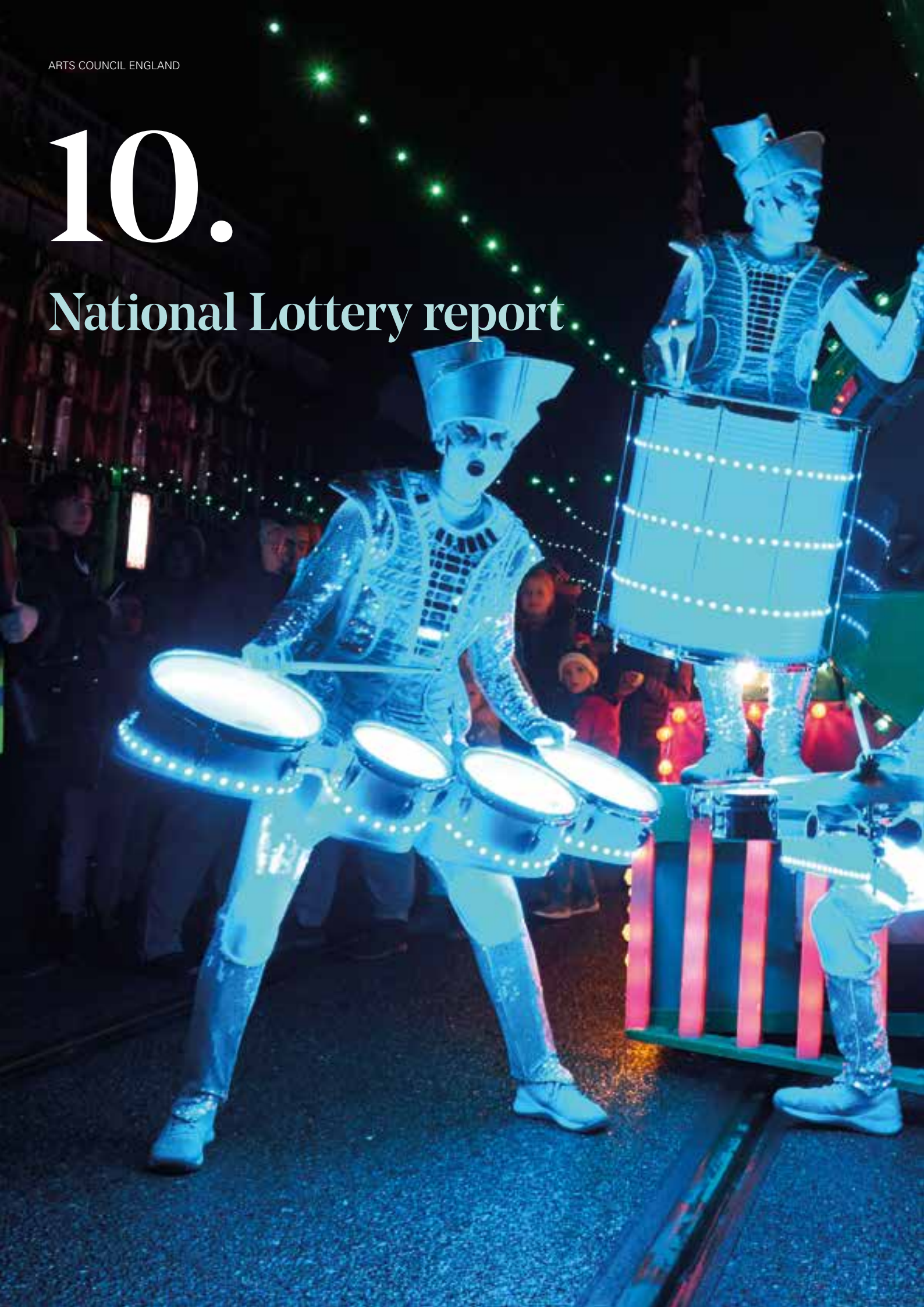
Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. The number and value of losses during 2022/23 were as follows:

	2022/2023 £000s	2021/2022 £000s
Total value of losses	–	–
Total number of losses	–	–

THERE WERE NO LOSSES OR SPECIAL PAYMENTS DURING 2022/23.

10.

National Lottery report



As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.

POLICY DIRECTIONS

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

a) The need to involve the public and local communities in making policies, setting priorities and distributing money

Our 10-year Strategy for the arts, libraries and museums, *Let's Create*, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

b) Its assessment of the needs of the arts and culture and its priorities for addressing them

Let's Create sets out our commitment to our mission and our three outcomes – Creative People, Creative Places, and A Creative Country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our delivery plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England

Evidence demonstrates that some communities are engaging very little with the arts and culture. This may be through lack of opportunities to attend and participate or because of barriers like socio-economic factors, physical accessibility, or a limited offer. We believe that everyone has the right to access the arts and culture and we want to transform the opportunities open to people in these places.

2022/23 has marked 10 years of our Creative People and Place programme. Our vision for Creative People and Places is to support the public in shaping local arts and culture provision and, in doing so, to increase attendance and participation in excellent art and culture.

In 2022 we brought 39 Creative People and Places programmes into our National Portfolio, covering 56 local authority areas and receiving investment for three years, between 2022-25. Over these three years, we're investing £38.3 million from Wigan to Walsall, and Boston to Basildon, so that more communities can choose the creativity and culture on offer in their local area.

Seed is Sedgemoor's Creative People and Places consortium, which aims to demystify and grow the arts in Sedgemoor in Somerset, with the strong belief that local people and what is important to them truly matters and that this should be the basis for future investment. They are delivering a programme of activities that make creative connections and provide opportunities for everyone in the communities

of Sedgemoor to participate in arts and cultural activities, with a focus on reaching and including those who have little previous engagement with the arts.

We are now looking at the future of the Creative People and Places funding opportunity and considering a larger number of places for funding in 2025+.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

The Saturday Club Trust was awarded £1.05 million to continue delivery of the National Saturday Clubs programme between 2023-26. The programme will enable promising young people aged 13 to 16 to benefit through engagement with a range of high-quality art and design activities on Saturdays at a local college, university or cultural organisation. The fund particularly seeks to engage under-represented groups, and those from lower socio-economic backgrounds who are unable to access opportunities through other means.

Sadler's Wells were awarded £750,000 for the National Youth Dance Company programme. Between 2023 and 2026 talented young people from all backgrounds will be provided with the chance to develop the high level performance skills needed to progress their professional careers.

We also recently announced a further £28.9 million investment in The Foundation for Youth Music for 2023-26. Youth Music will be running a number of delegated funding programmes, including the continuation of three music-based programmes, and two new programmes that seek to invest in or provide development opportunities for children and young people in other disciplines beyond music.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

Through our Arts Council National Lottery Project Grants, we support a large and diverse range of projects that bring people together through engagement with creativity. Small grants to support grassroots engagement can be some of the most beneficial for strengthening community spirit.

South-East Speaks is an ambitious community project funded through National Lottery Project Grants which celebrates the centenary of Lewisham's Bellingham and Downham estates in 2023-24. As part of this project, Lewisham Music will co-create spaces where the inter-generational sharing of resident stories will inspire the creation of new music by local young people.

f) The need to support volunteering and participation in the arts and community arts

Many of the activities we support through National Lottery Project Grants provide significant opportunities for community participation. Through National Lottery Project Grants, Paperback Theatre were awarded £29,999 to develop Little but LIVE! in 2023. A community arts festival, Little but LIVE! will centre on the research and development of a new adaptation of *The Wizard of Oz*. This will be complemented by a range of live events and free participatory activities, such as workshops and open mic nights, which aim to bring the community together in a fun and creative way.

Volunteering is also at the heart of many projects we support. Liberty Choir UK were awarded £67,651 through National Lottery Project Grants to deliver weekly Liberty Choirs in three prisons to 300 prisoners per year in 2023 and 2024, culminating in annual performances, delivered in partnership with 60 community volunteers. The project uses group singing to build music skills, increase arts participation and deliver positive 'through-the-gate' social change for some of the most excluded and underserved people, their friends and families.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

Developing Your Creative Practice (DYCP) supports individual cultural and creative practitioners who want to take time to focus on their development. In 2022/23 we committed £14,400,000 for individuals to innovate and develop new skills to take their practice to the next level. Investing in developmental projects enormously benefits audiences in England in the longer term, as the programme enables practitioners to upskill and become better placed to make work to present to the public, reach new audiences through exploring new ways of working, and develop networks to increase opportunities to present work.

One example is Emma Houston, an acclaimed breakdancer who is on track to compete in the discipline at the Olympics in 2024. They are using £9,704 awarded through DYCP for mentorship, connecting with new collaborators from a range of movement disciplines and understanding others' experiences of working as a queer artist within hiphop culture.

This development period will allow the grant holder to ultimately present new work to the public on a national and international stage, and allow their work to reach new audiences through the networks they build on this journey.

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

We support projects that take a holistic approach to furthering sustainable development for arts and culture organisations through our National Lottery Project Grants programme. In March 2023 we supported the Horniman Museum, as lead of the Museums and Galleries Network for Exhibition Touring (MAGNET), to deliver a project that will bring 12 partner museums together to collaborate and co-develop three ambitious new exhibitions to tour to audiences across England and work towards a future sustainable model. We awarded this project £336,000 through the Touring strand of our National Lottery Project Grants funding programme.

Building on a successful pilot, the project focuses on co-creating and launching tours of three new collections-based, inter-disciplinary exhibitions with contemporary relevant themes: A for Anthropocene, Colour, and Gender Stories. It aims to raise the quality and sustainability of museum temporary exhibitions allowing diverse geographic audiences access to collections.

It will create venue-specific content and programmes led by artists and local communities to engage wider audiences and will collaborate with other national initiatives to create an integrated nationwide sector practice for touring exhibitions, creating resources and toolkits. It aims to establish a self-funding model as a legacy after the project ends.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

As part of our Delivery Plan for 2021-24, we identified 54 places across England where investment in and engagement with arts and creativity is low. We refer to these as 'Priority Places'– and we're prioritising working with them from 2021 to 2024.

One such place is Barrow-in-Furness, where, through our National Lottery Project Grants funding, we've awarded Barrow Underground

Music Society £28,860 for their 'Out of the City' project. This is a series of ambitious, subsidised events which will bring high quality artists to Barrow from major cities across the country. The project aims to inspire local artists and educate local trainee technicians to deliver professional cultural, artistic and musical experiences for the local community and beyond.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

Several rounds of our Elevate funding programme have supported diverse-led organisations to become more resilient and adaptive to their external environment so they could realise their full creative potential. This has included building capacity, creating new partnerships and increasing earned and contributed income, which ultimately means reaching more people, reaching different people and being in a more stable position to create high quality work. An Elevate extension year for 2022/23 allowed these organisations to continue with organisational development and resilience focused activity that could not be delivered due to the Covid-19 crisis.

One of the 44 Elevate extension recipients was Frozen Light. They are an organisation that creates exciting and original multi-sensory theatre for audiences with profound and multiple learning disabilities, touring these pieces to theatre venues and arts centres nationwide.

They used £51,500 in 2022/23 to strengthen and diversify their governance, ensuring a more culturally diverse Board that represents their community more accurately. Their plans included writing a long-term business plan, informed by a four-year artistic plan and budget they developed. Having devised a fundraising strategy they planned to collaborate with their business consultant, aiming to secure a diverse range of sustainable income. They'll also be launching bespoke digital access training that they have developed for all staff at touring venues.

l) The desirability of working jointly with other organisations, including other distributors

The Let's Create Jubilee Fund was a £5 million programme that supported community and voluntary organisations in England to develop creative and cultural activities as part of Her Majesty Queen Elizabeth's Platinum Jubilee celebrations in June 2022.

Arts Council England partnered with the UK Community Foundations (UKCF) to deliver this programme, who managed the fund's distribution on behalf of their community foundation members across England.

Applicants applied via UKCF for grants of up to £10,000 and were encouraged to partner with established artists, creatives and cultural organisations to develop their activities. We worked to ensure that Queen Elizabeth's Platinum Jubilee celebrations gave people throughout England the chance to experience the best of the country's culture, while also celebrating an important milestone in our national history.

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. Arts Council National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. In 2022/23, a total of 2,984 awards were made with a total value of £99 million (2021/22: 3,720 awards with a value of £101 million).
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

   Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

   In 2022/23, 1,843 awards were made with a total value of £326 million. In 2021/22, 2,858 awards were made with a total value of £152 million.

FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

> The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2022/23. A copy of the Statement of Financial Requirements is publicly available.

LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 7.75 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2021/22 were approximately £1.46 million less than the target and approximately £3 million less than last year.

1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2016/17 £M ACTUAL	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2022/23 £M TARGET
ACTUAL ADMINISTRATION COSTS*	17.85	16.26	16.35	17.63	17.10	15.68	18.76	20.22

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2016/17 £M ACTUAL	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2022/23 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	15.02	15.61	15.37	16.34	14.85	13.71	17.43	18.79

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS
** FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 ACTUAL	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 ACTUAL
ACTUAL ADMINISTRATION COSTS AS A % OF LOTTERY INCOME*	7.82%	7.07%	7.00%	7.08%	6.75%	6.18%	7.45%

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £15,000:	6 weeks
Applications for funding for £15,001 and above:	12 weeks

Since 2009/10 we have adopted a target of processing 90 per cent of all applications within our stated turnaround times. The thresholds were increased on 1 July 2013 from £10,000 to £15,000.

YEAR		A	B	C
2018/19	Actual	96.44%	96.19%	96.40%
2019/20	Actual	99.32%	97.42%	98.94%
2020/21	Actual	94.95%	95.50%	95.06%
2021/22	Actual	99.70%	87.90%	97.30%
2022/23	**Actual**	**99.88%**	**99.80%**	**99.87%**
2009/10	**TARGET**	**90%**	**90%**	**90%**

A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

> Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.

We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

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In order of appearance

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PARAORCHESTRA – SMOOSH! AT FILWOOD COMMUNITY CENTRE, KNOWLE WEST BRISTOL. PHOTO © PAUL BLAKEMORE

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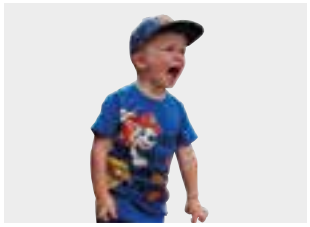

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THE NATIONAL LOTTERY

THE ARTS COUNCIL OF ENGLAND

England & Wales - Charity number 1036733

Accounts

Arts Council England,
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Distribution 2021/22

Annual Report & Accounts

For the year ended 31 March 2022

HC 349

ARTS COUNCIL ENGLAND GRANT-IN-AID AND NATIONAL LOTTERY DISTRIBUTION ANNUAL REPORT AND ACCOUNTS 2021-2022

FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022

Presented to House of Parliament pursuant to sections 34(3) and 35(5) of the National Lottery Act 1993 (as amended by the National Lottery Act 1998 and National Lottery Act 2006).

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Chair's report

01.

The year covered by this Annual Report included the 75th anniversary of the creation of the Arts Council. Though separated by three-quarters of a century there are similarities between the challenges faced by our predecessors in the aftermath of the Second World War, and the ones we now face in the wake of the Covid-19 pandemic. The first annual report of the Arts Council talked about the role the arts and culture would play in the "rebuilding of the community and our common life", the importance of "far-sighted imagination", and the need for the "good health" of creativity across the country. These are hopes and ambitions which would not look out of place in this report.

For a second long year, we have witnessed everyone working in the creative and cultural sector drawing on all their reserves of imagination and resilience. Slowly, and with setbacks, galleries, museums, theatres, libraries and other cultural venues have cautiously welcomed back audiences and visitors, while still dealing with the uncertainty that lay ahead.

The need for additional support for the sector was again recognised by the Government through the latest rounds of the Culture Recovery Fund. Just before Christmas, more than 800 organisations which had previously received help were awarded a further £93 million through the Fund's Continuity Support programme. This proved vital as winter saw the arrival of the new Omicron variant threaten the sector's revival. The award of two rounds of Emergency Resource Support totalling £49 million from 2021 to March of this year was specifically designed to help organisations whose sound financial foundations had been shaken by the impact of the latest wave of the pandemic. Along with almost £264 million of funding announced in spring 2021 in the second round of the Culture Recovery Fund, Arts Council England has now distributed £892 million in grants and more than £250 million in repayable finance as part of the government's unprecedented peacetime investment in creativity and culture. It is a welcome recognition by the government of the commitment of those working in the arts and of the important role that the sector plays in the wellbeing and recovery of our country's communities and economy.

Though much of our effort over the last two years was geared towards helping organisations through these exceptional times, we have continued to fulfil our role as the national development agency for creativity and culture. Last summer, with further investment by the government, we were able to launch the Cultural Investment Fund, designed to improve the ability of people to take part in creative and cultural activities while at the same time enhancing and developing the cultural infrastructure of communities. A total of £48 million has so far been awarded through its three distinct elements – The Cultural Development Fund, the Museum Estate and Development Fund, and the Libraries Improvement Fund. Alongside our existing Capital Investment Programme, which has seen more than £11 million going to a further 37 projects this year, it demonstrates a commitment to help creative and cultural organisations adapt in the wake of the pandemic, improve access for the communities they serve, and build for the future. I am also pleased to say that the overall funding for successful bids to our National Lottery Project Grants from museums has more than doubled since 2019/20, and that the number of successful bids to that fund from libraries has also increased.

Among the projects that have benefitted from the Cultural Investment Fund are those located in the 54 Priority Places we announced in the autumn of 2021. These are communities on coasts, in rural areas and in former industrial towns or cities. They include places as diverse as Great Yarmouth, County Durham, Swindon, Sandwell, Barnsley and Brent. They are places where historically, investment in culture has been low, and where engagement has reflected that absence of commitment. The investments we have already made will help arts organisations, museums and public libraries working in those places reach out and connect with new audiences. All our Priority Places outside of London are also among the 109 "Levelling Up for Culture Places" which were announced by government in the spring and which we worked to identify with the Department for Digital, Culture, Media and Sport. These are places which, where possible, will benefit from much of the additional £43.5 million Government investment in the arts and culture over the next three years that was announced in February by the Secretary of State, following the Chancellor's three-year Spending Review.

Our Priority Places form a key part of the Delivery Plan for our 10-year strategy, Let's Create. This Plan sought to build on and consolidate the original ambition of the strategy, notwithstanding the impact of the pandemic. It set out in detail how we will achieve the ambition of creating a country in which culture brings us together and by doing so makes us happier, healthier, more fulfilled and inspired. It also looked at what we had learnt during the pandemic and the questions the creative and cultural sector will need to address as we recover. Questions such as: how do we increase our help for individual creative practitioners? How can we help the sector to work internationally as it faces the continuing challenges and opportunities posed by both Covid-19 and impact of the decision to leave the European Union? How do we strengthen our work with communities and support Levelling -Up? What should we do to build a cultural sector which is "fit for the future"? And how will the Arts Council change in order to help achieve all of this? The Themes laid out in our Delivery Plan explain how we will answer these questions.

Running through all of our present and future work is a commitment to ensure that we meet our Equality Objectives. Throughout the pandemic, we were clear that the creative and cultural sector that emerged would have to be more inclusive and more reflective of our country as it is today. In the coming years this will require a more equitable geographical distribution of investment. We want more people to have access to the high quality creative and cultural opportunities that can be both life-affirming and life-changing. We also want to see that the organisations we invest in, and those individuals they in turn support, better reflect the diversity of England's people and communities. We believe that this will help our creative and cultural sector make an even stronger contribution to our country's wellbeing.

When the Arts Council was established 75 years ago, a decision was also made to create a collection of contemporary art that could be shown across the country in museums, galleries and other public places, such as schools and hospitals. Over the last 75 years the Arts Council Collection has grown into a collection of more than 8,000 artworks by 2,000 artists. It supports artists by buying their work, usually at an early stage in their career, and by arranging exhibitions and making loans which can allow art to be part of everyone's everyday experience. This year work has begun on the creation of a new multi-purpose collections and cultural facility in Coventry. Shared with the British Council Collection and housed in what until recently was an IKEA store, the new venture will provide much better facilities for curators and students undertaking research and will ensure that many more people have access to this important body of work. It will also build on the success and strengthen the legacy of Coventry as UK City of Culture, where, in spite of the pandemic, the city has demonstrated yet again the important role creativity and culture can play in regenerating, reinvigorating and revitalising a community.

As we look back on our history, we strive to emulate the imagination and ambition of our predecessors. We are continuing on a path that has shown again and again how investment in the arts, museums and libraries can rebuild communities. A strong creative and cultural sector improves the wellbeing and life chances of everyone, everywhere.

Sir Nicholas Serota, CH
Chair, Arts Council England

Chief Executive's report

02.

The last two years saw dramatic changes in the way we all lived our lives as we faced the Covid-19 pandemic. That was reflected in the way museums, galleries, libraries, music venues and other cultural organisations had to work, and the way the Arts Council worked too. The story of the support that was given to creative and cultural organisations and, in turn, the support they gave to the communities they are part of is woven into the fabric of this report. But another thread runs through its story too.

That is one of a future that sees innovation embraced. Where more people can get the opportunity to explore their creativity whatever their background and get the chance to experience high quality culture closer to where they live. And where we build a creative and cultural sector that can face whatever challenges lie ahead and which helps transform people's lives through making them happier, healthier and inspired.

Coventry has been showing just how that can be done throughout this year, as it became the latest place to take up the mantle of UK City of Culture. Its opening event Coventry Moves saw old and new technology working hand-in-hand to create connections through creativity and culture. Live streaming and radio were used to bring people in the city together by broadcasting digitally into their homes. The day-long programme of events explored themes such as people power, sustainability, social justice and innovation. It culminated with the local BBC and community radio stations joining together to premiere a new piece of music by the composer Dan Jones – *Coventry Moves Together*. It cleverly incorporated the voices of children from across the city. In the year since that spectacular curtain raiser, hundreds of thousands of people have attended in-person or online events in the city. It has helped bring people, whether they live in Coventry or are visitors to the city, back into cultural spaces and, in doing so, brought them together, as Coventry Moves did, to experience shared moments of joy and inspiration. It has also brought £500 million of regeneration investment into Coventry linked to its status as City of Culture. As Hull did before it, Coventry has proved the transformative power creativity and culture can have for individuals and communities.

Bringing people together, as events in Coventry have done, has been incredibly challenging during the pandemic. The Creative and Cultural sector thrive on shared experiences, on showcasing new work to new audiences, and on collaboration. It is therefore great to see that, slowly and carefully, more opportunities to do just that have re-emerged over the last 12 months. One of those was the physical return of the annual Future Art and Culture presentation we support, and is produced by British Underground, at the South by Southwest festival in Austin Texas. It may seem a bit contradictory to talk about a showcase of innovative work which often relies on extended reality, or XR as it is known, returning physically. But last year the entire festival took place online because of Covid-19 restrictions. This year the work of the creative

practitioners we have supported was very much in evidence on the ground and making a big impression. They included ScanLab's *FRAMERATE* which used cutting edge 3D technology to show the impact of humanity and nature on landscapes. The natural world was explored in a different way in a co-production involving the Alexander Whitley Dance Company called Future Rites. It allowed audiences to use VR to interact with a natural landscape as part of a re-imagining of the Igor Stravinsky ballet, *The Rite of Spring*. Another work showcased was Fat Red Bird's *Hi(Story) of Painting* which received the Special Jury Recognition for Immersive Storytelling award. The festival was also a chance to highlight the work we have been funding in collaboration with our counterparts in Canada through the UK-Canada Immersive Exchange – with four of the projects we have funded through that initiative getting their premiere at the festival this year.

The work we take each year to South by Southwest is a great example of our commitment to making England "A Creative and Cultural Country" – one of the three outcomes we want to see from our strategy *Let's Create*. As the creative and cultural sector continues to learn how to live with the impact of Covid-19 and find new ways of working with partners across the world, it will be our job to continue to support and help them do so. It will be about building on the already amazing reputation our country has for being innovative, working collaboratively and internationally. By doing so it will help the sector – and in turn the country – in their recovery from the pandemic.

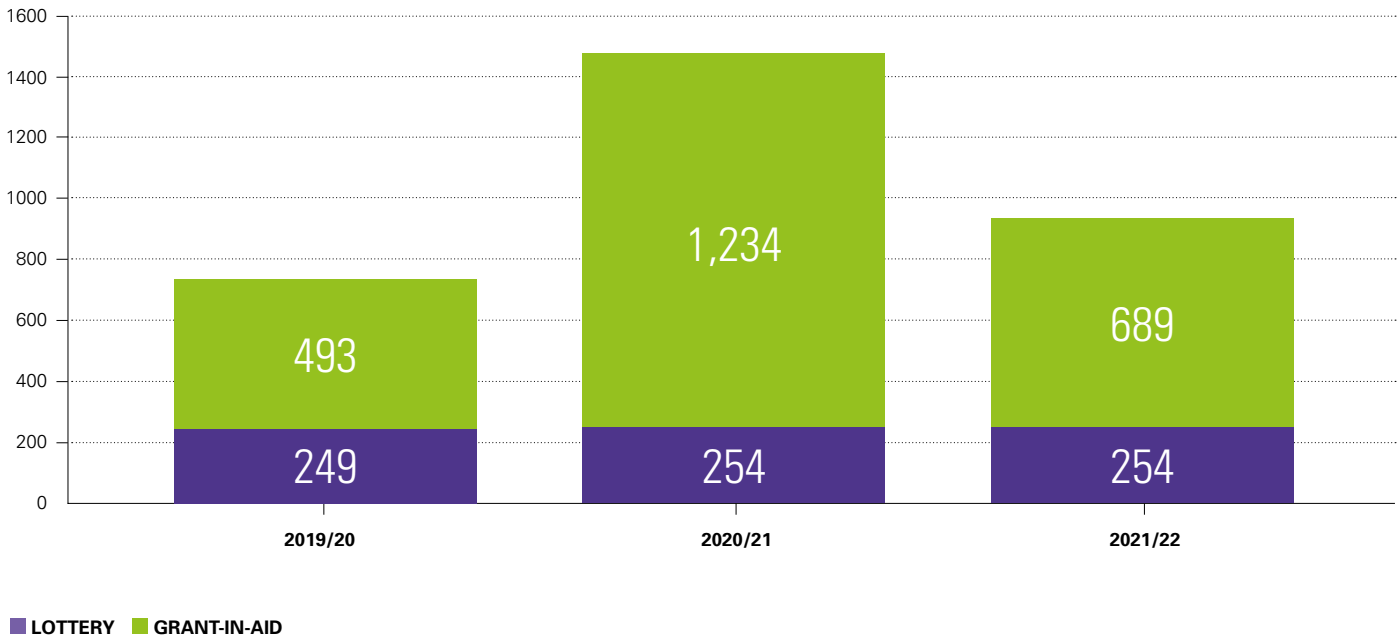
How arts and cultural organisations, museums and libraries across the country have helped and continue to help people and communities recover here at home is clear in this report. The work we are doing to support that recovery is wide ranging in its nature and scope. It includes working with others through the Thriving Communities Fund, which we helped to set up using money from the National Lottery. It offers social prescribing – which uses creative and cultural activities to help improve wellbeing. It has meant giving more money to be distributed by benevolent funds as creative practitioners faced renewed uncertainty in the wake of the Omicron wave. It also means looking at how we can in the future better support the individuals whose contribution to the sector allows it to flourish. It is also about projects that inspire creativity among children and young people like In Harmony which supports the use of ensemble music making in schools. This project has been shown to bring real benefits to the social and personal development of those taking part.

The year ahead will be a busy and challenging one. There is a big task ahead of us. But I know that the creative and cultural sector will continue to play a vital role in helping our country's recovery in every way. And in doing so will help build a future where opportunity is open to all those with talent wherever they are from and whatever their background.

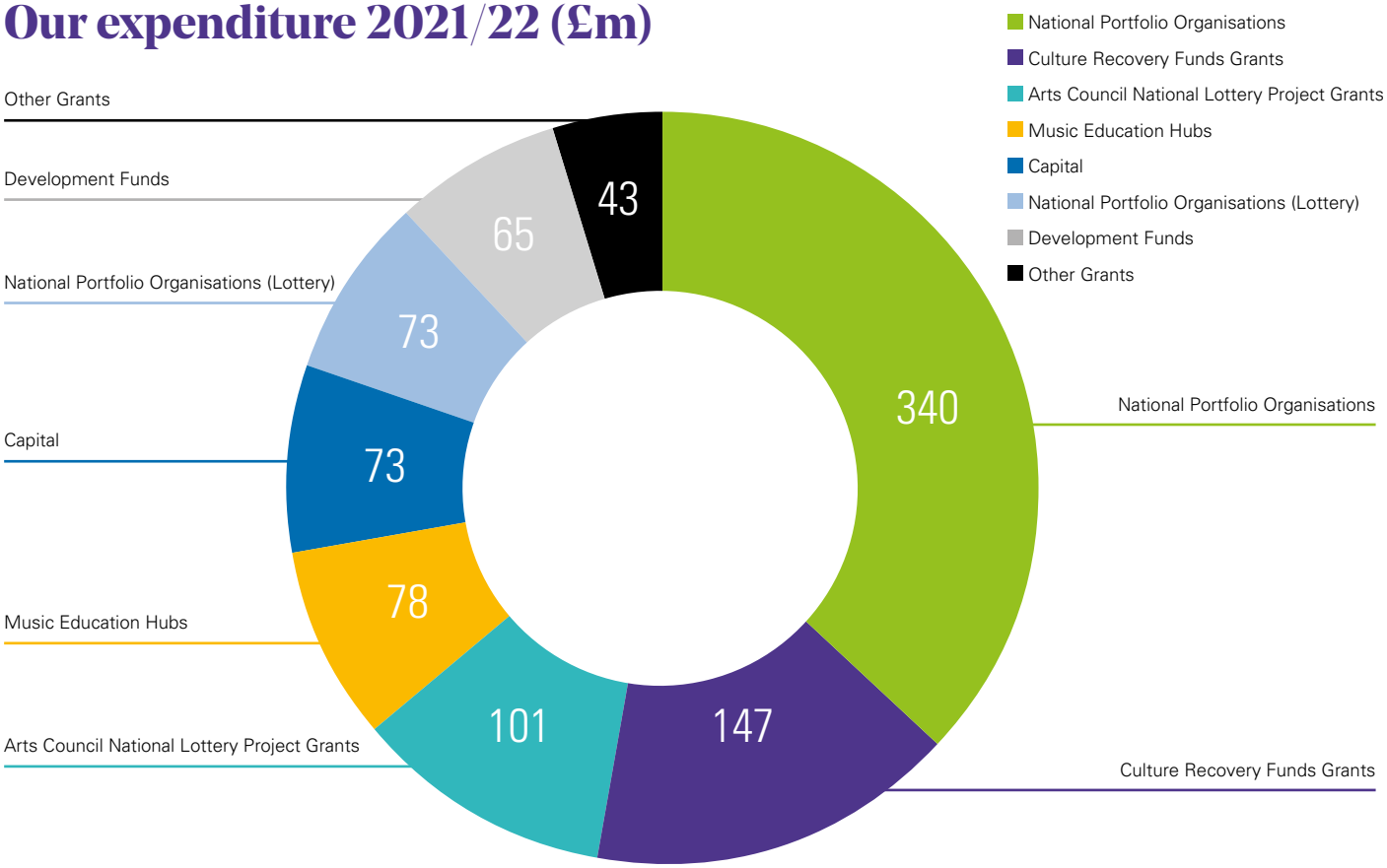
Dr Darren Henley, CBE
Chief Executive, Arts Council England

Our key numbers for 2021/22

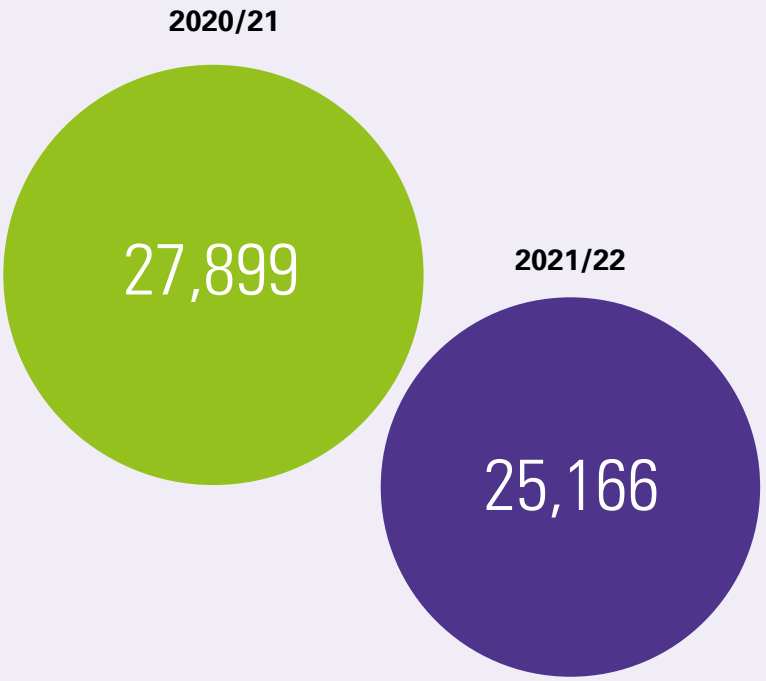
Our total income (£m)



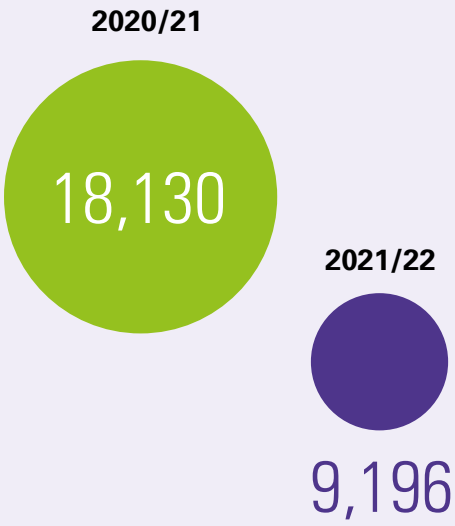
Our expenditure 2021/22 (£m)



NUMBER OF GRANT APPLICATIONS PROCESSED

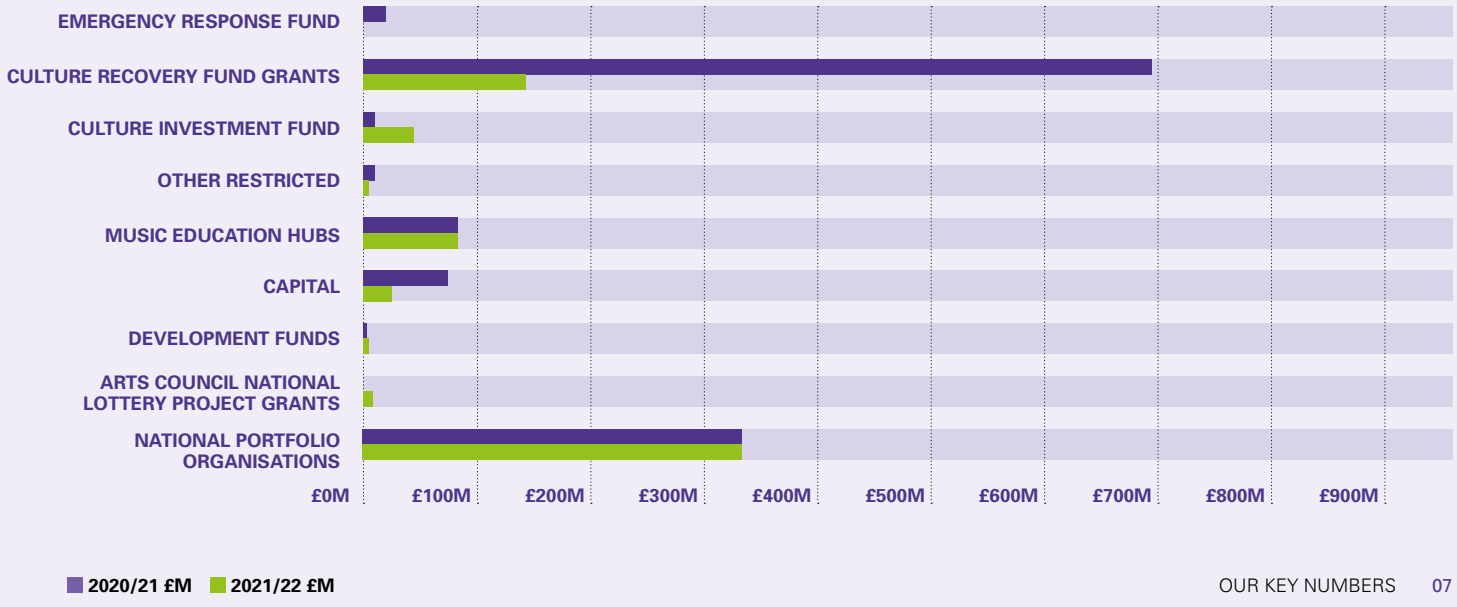


NUMBER OF GRANTS AWARDED



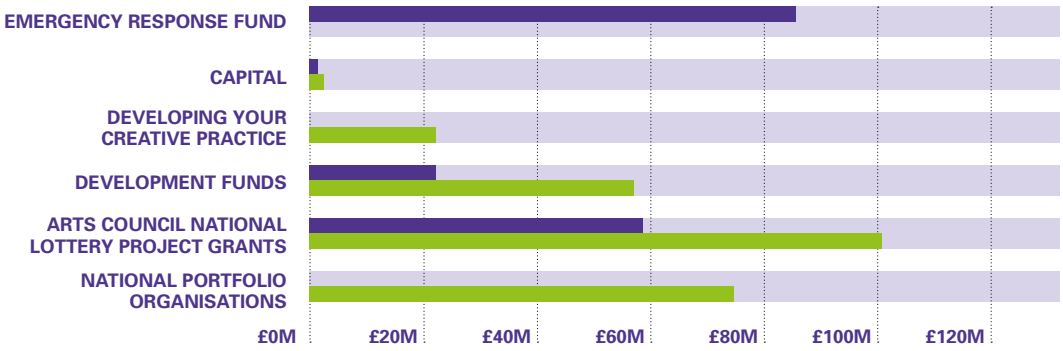
Grant-in-Aid expenditure

Grants-in-Aid awards made by Arts Council England during 2021/22 were as follows:



Lottery expenditure

Lottery grants made by Arts Council England during 2021/22 were as follows:



(*) No National Portfolio Organisation grants were made in 2020/21 using Lottery funds as these are made on a three-year funding cycle.

Our organisation

HOW WE MAKE THINGS HAPPEN

639

FTE EMPLOYEES

1.20%
Median Gender pay Gap as at 1st April 2021

4.2%
Negative median ethnicity pay Gap as at 1st April 2021

Gold standard
Achieved in Investors in People review March 2022

83%
Of staff rated ACE as one of the best places to work in our Autumn survey

9

OFFICES

7.31m²
space per FTE

Majority of workforce based in the North West, and we maintain a meaningful local presence in regional centres in England

Our 'hybrid working' model is now adopted leading to further efficiency savings in 2022/23

85

NATIONAL AND AREA COUNCILS

15
National Council members

5
Area Councils

03.

Arts Council Performance 2021/22

In autumn 2021 we set out how we intend to deliver on the promises and vision of our 10-year strategy: *Let's Create*.

The Delivery Plan 2021-24 centres on five Themes that we believe will support the Creative and Cultural sector play its rightful part in helping to repair our communities and rebuild our economy as our country recovers from the damage caused by the Covid-19 pandemic.

Those Themes are also about unlocking talent wherever it is found, unleashing the innovation displayed before, during and after the pandemic in connecting and engaging with new audiences, and unifying the sector to realise the ambition we have for it as the national development agency for creativity and culture.

This performance report shows our progress and achievements in 2021/22 against each of the five Themes and the Actions and measures that we set out against them. To read the Delivery Plan, click here.

The five Themes are:

- Building a "fit for the future" cultural sector
- Strengthening our place-based approach and supporting levelling up
- Increasing our support for individuals
- Helping the cultural sector to work internationally
- How the Arts Council will change

Underpinning everything we do are our Equality Objectives – we will start this Performance section by looking at what we have done to achieve them.

Digital, Culture, Media and Sport key performance indicators

The Secretary of State for Digital, Culture, Media and Sport sets priorities for the Arts Council which sit alongside our key performance indicators (KPIs). These performance indicators may be reviewed over the duration of the Arts Council's management agreement with the department. We have included the KPIs alongside the relevant themes. Where specified, KPIs reflect 2020/21 due to the schedule in which we collect data from our National Portfolio Organisations.

The Arts Council's Equality Objectives and opening up access

How things are now

We believe that talent is everywhere, but opportunity is not. We also understand that, along with protected characteristics, geography and socio-economic background can be obstacles to accessing creative and cultural opportunities and experiences. Research has shown that Covid-19 has impacted on the Creative and Cultural sector even more acutely for those with protected characteristics and those from lower socio-economic backgrounds[1].

We believe that as society reopens from the pandemic, the Creative and Cultural sector must do more to reflect England by nurturing and celebrating talent wherever it is found, reaching out to new audiences, and by becoming inclusive and relevant to the communities it works in.

The difference we want to make

We set out four strategic Equality Objectives in our Delivery Plan 2021-24:

- We will ensure **a more equitable distribution** of our investment to improve opportunities for everyone, especially those with protected characteristics, from lower socio-economic groups and underrepresented geographical areas.
- We will **invest in inclusive cultural organisations** whose leadership, governance and workforce – and the independent creative practitioners they support – represent the diversity of contemporary England.
- We will **invest in a cultural sector that is more relevant to all of England's communities**, especially those that have been historically underserved by public investment in culture.
- We will **become a more inclusive and relevant national development agency** for creativity, culture, museums and libraries that models good practice.

In 2021/22, how have we responded to our Equality Objectives?

Creating a more equitable distribution of our investment and investing in inclusive cultural organisations

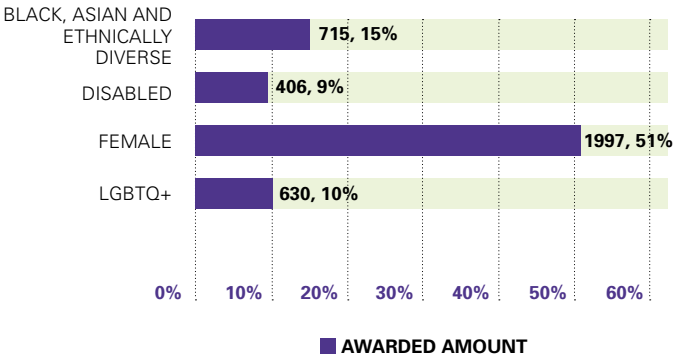
- **18 per cent** National Lottery Project Grants (NLPG) funding (or **£18,263,370**) and **26 per cent** of Developing Your Creative Practice funding (or **£5,662,620**) was awarded to Black, Asian and Ethnically Diverse individuals and/or led by Black, Asian and Ethnically diverse organisations.
- **8 per cent** of National Lottery Project Grants (NLPG) funding (**£8,372,182**) and **20 per cent** of Developing Your Creative Practice funding (**£4,380,505**) was awarded to D/deaf or disabled individuals and disabled-led organisations.
- Our "Inclusivity & Relevance" Investment principle is an important and fundamental part of our 2023-26 Investment Programmes to make sure our future National Portfolio Organisations and Investment Principles Support Organisations are inclusive.
- We added socio-economic background to our monitoring questions for National Lottery Project Grants (NLPG) and Developing Your Creative Practice (DYCP) so that we will be able monitor our progress in extending socio-economic reach. We have added a question to the Annual Survey for the Investment Programme 2023-26 to capture this data from National Portfolio Organisations going forward.

Delivery Plan Measures

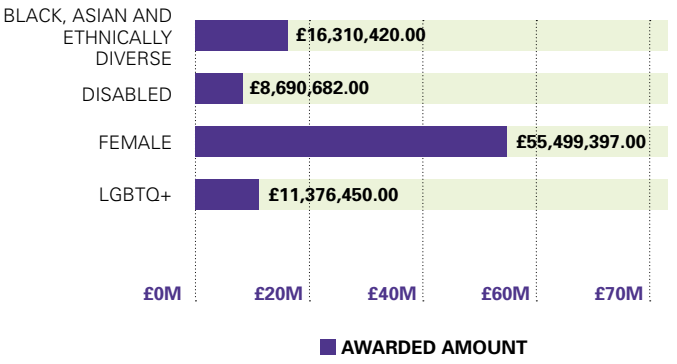
Data on National Lottery Project Grants awards made to organisations with Black, Asian and Ethnically Diverse, disabled, female and LGBTQ+ leadership (number of awards and percentage of total investment)

[1] https://www.culturehive.co.uk/CVIresources/culture-in-crisis-impacts-of-covid-19/; https://www.weshallnotberemoved.com/2021-survey-report-in-summary/

NLPG AWARDS



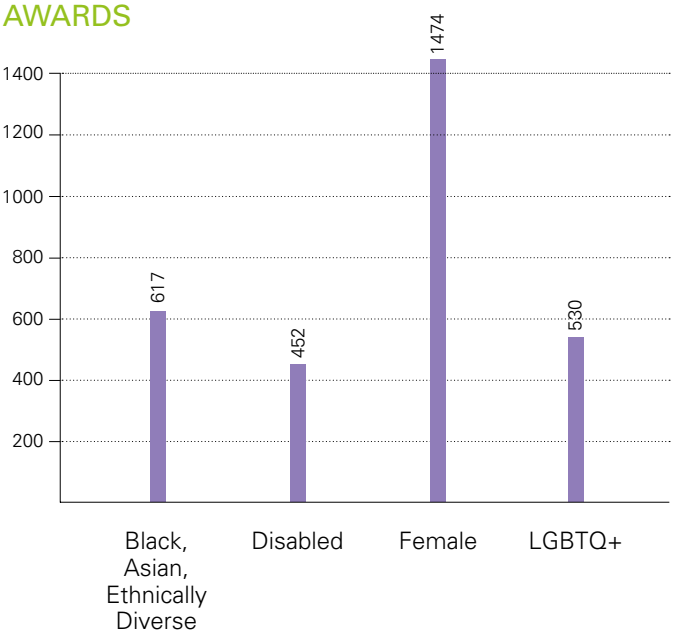
NLPG AWARDED AMOUNT



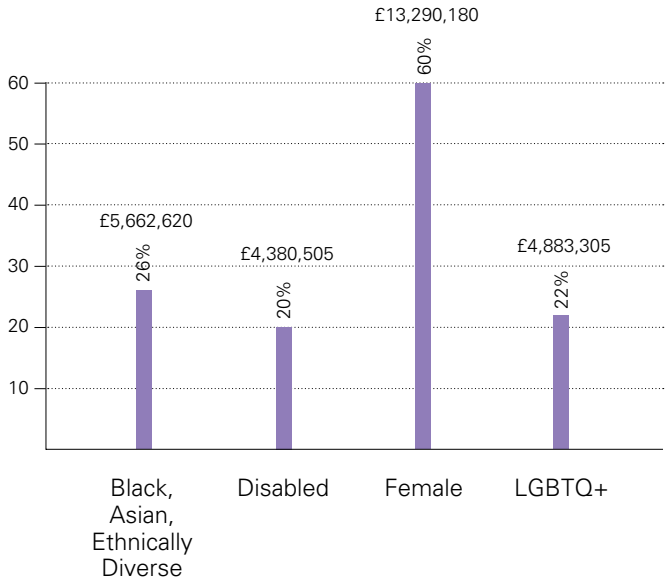
Delivery Plan Measures

Data on Developing Your Creative Practice awards made to Black, Asian and Ethnically Diverse, Disabled, Female and LGBT applicants (number of awards and percentage of total investment)

AWARDS



£ AWARDED AMOUNT AND % OF TOTAL



Investing in a cultural sector that is more relevant to all of England's communities, and becoming a more inclusive and relevant national development agency

- We introduced a new approach to advice giving so we can focus on those who may not have engaged with us previously to encourage new applicants to our funding.
- We developed our Access Support and introduced a new Access Support team at the Arts Council committed to helping remove barriers to funding, making our processes more open and accessible to everyone.
- We required all National Lottery Project Grants applicants to demonstrate the steps which they will take to be open and accessible to the communities they plan to work with, show how their workforce reflects the communities they wish to reach, and demonstrate how their projects contribute to the Creative Case for Diversity. These are all attributes of our "Inclusivity & Relevance" Investment Principle.
- Through the Culture Recovery Fund programme we have supported more organisations to develop diversity plans as part of our wider commitment to opening up access to develop more inclusive practice.

Building a "fit for the future" cultural sector

How things are now

This year we launched the Investment Principles set out in *Let's Create:*

- Ambition & Quality
- Dynamism
- Environmental Responsibility
- Inclusivity & Relevance

We believe these principles will help build a cultural sector that is "fit for the future" and which can help us deliver the *Let's Create* vision. We will want to see how those we invest in, using taxpayers' and Lottery players' money, apply these principles in everything they do. We will also apply these principles to the way we work – see the *How the Arts Council will change* section below.

Delivery of *Building a "fit for the future" cultural sector* has so far focused on the continuity and emergency resource funding we have distributed, the support we have provided to cultural businesses, developing the 2023-26 National Portfolio Organisations and Investment Principles Support Organisation programmes, and the first steps towards delivering Theme activities over the lifetime of this Delivery Plan. This reflects the fact that 2021/22 was a year that saw society begin to reopen in the wake of the pandemic.

The difference we want to make

We want to support the creative and cultural sector to emerge from the pandemic and help rebuild our communities.

To do this we will:

- deliver continuity and emergency resource funding to the creative and cultural sector
- improve digital and data literacy – the ability to use digital technologies and collect, understand, and use data in the organisations we support
- invest in tools, resources and programmes to support environmental action and develop climate literacy: understand and assess climate information, communicate about climate change, and make informed choices about actions that affect climate change
- support organisations that are inclusive of and relevant to their communities

In 2021/22 we supported the cultural sector to emerge from the pandemic by:

Delivering continuity and emergency resource funding to support cultural businesses

- **818** organisations received a share of **£93.43 million** distributed under the Continuity Support Strand of the Culture Recovery Fund.
- **472** organisations received a share of **£49.84 million** distributed through two rounds of the Culture Recovery Fund Emergency Resource Support Fund.
- **£410.56 million** extension funding was awarded to **829** National Portfolio Organisations for 2022/23 following the postponement of the next portfolio by one year due to Covid-19.

The **Culture Recovery Fund round 3** was a vital lifeline for the sector, supporting it through the Omicron wave in December 2021 to January 2022, and continuing to help the arts and culture sector as society reopened.

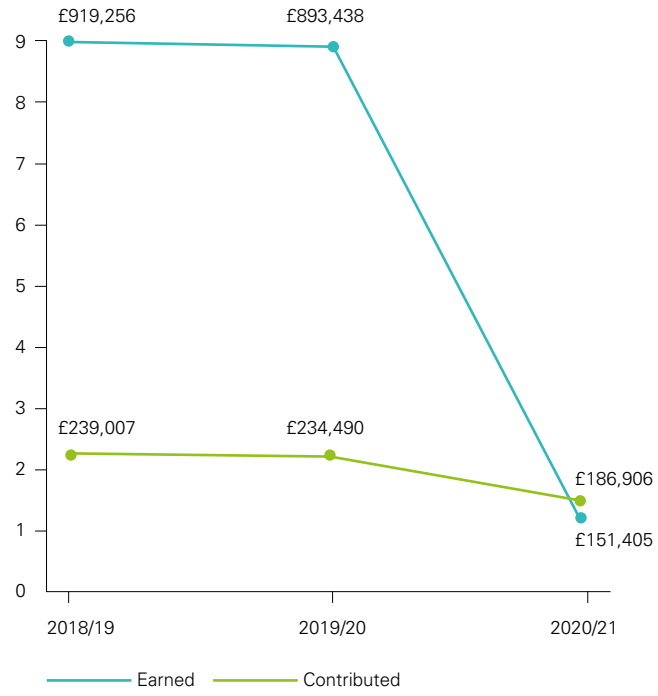
The **Capital Investment Programme** provides funding to cultural organisations to adjust buildings and equipment so that they can operate safely post-pandemic, improve access, seize on technological opportunities, and reduce environmental impact.

- **37** projects receiving a share of **£11.58 million** awarded through the Capital Investment Programme.

Department for Digital, Culture, Media, and Sport Key Performance Indicator – Resilience and Dynamism

Contributed and earned income in National Portfolio Organisations (2020/21):

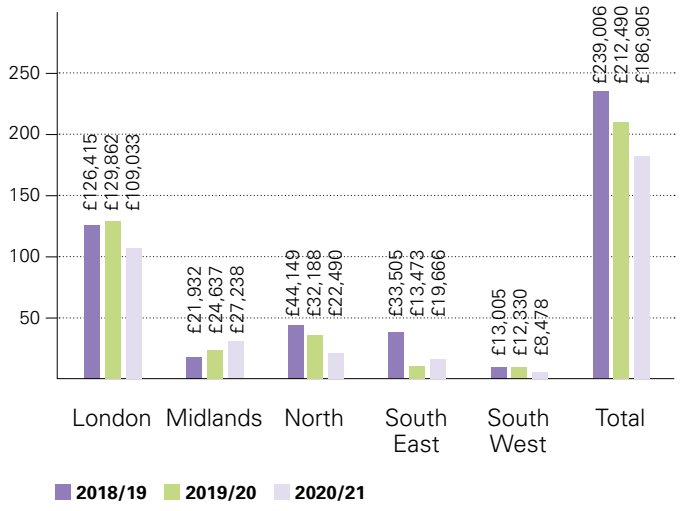
TOTAL CONTRIBUTED AND EARNED



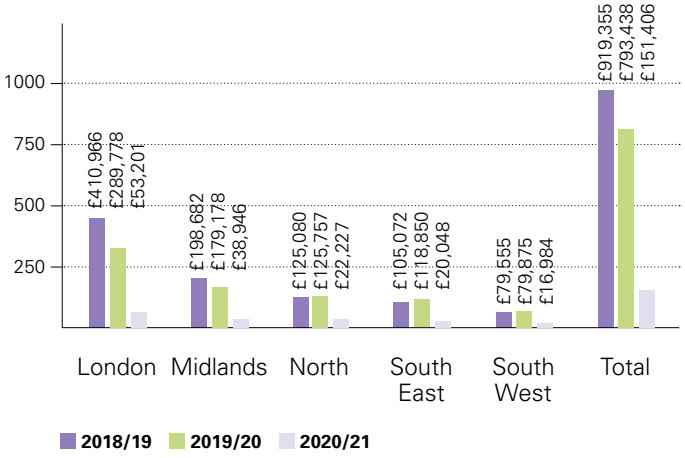
Earned income for National Portfolio Organisations decreased after the outbreak of Covid-19, due to full closures or partial re-openings of venues, and limited numbers of visitors and audiences. Contributed income – for example money given to an organisation as a gift or a grant – did not fall as much as earned income, as organisations generated donations through marketing and communications.

Organisations that had invested in their fundraising activity previously and had an established portfolio of supporters were able to sustain regular giving from their members. For those organisations that did not have a good base of supporters to communicate with, it was difficult to gain new donors or to convert audiences to supporters due to the lack of events and performances that could be held. Many fundraisers work several years ahead on generating funding for future projects, and therefore we expect to see a pandemic lag on contributed income for some years.[2]

CONTRIBUTED BY AREA



EARNED BY AREA



Improving data and digital literacy

Data literacy is being able to read, write and communicate using data and understand what it means, what the source was and how we can use it to help us. Digital literacy is about being able to use systems which store, process and communicate information in electronic form properly.

[2] Data for the DCMS KPI on Earned and Contributed income includes only National Portfolio Organisations

Department for Digital, Culture, Media and Sport Key Performance Indicator – Resilience and dynamism

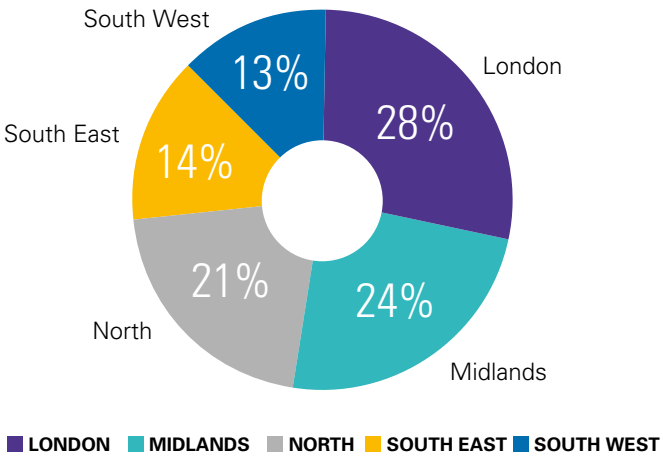
The number of organisations and individuals engaging with the Digital Culture Network, with breakdown by the five Arts Council Areas (2021/22)

The **Digital Culture Network** team provides free and impartial support to arts and cultural organisations to improve their digital skills and become more dynamic.

- There were **739** cases of one-to-one support and mentoring to **388** organisations in a range of areas from digital strategy, analytics and insight, search engine marketing and social media.

SUPPORT CASES SPLIT BY ARTS COUNCIL AREA:

2021/22 DCN engagement by Area (%)



CASE STUDY

Digital Culture Network – Museum of London: Taking eCommerce to the next level

The Digital Culture Network's eCommerce Tech Champion provided support to the Museum of London to help with growing their online conversion rate – taking their website traffic on the journey from visitor to customer. The museum had endured ongoing periods of closure throughout the pandemic which placed greater emphasis on their online presence, with eCommerce coming quickly to the forefront.

The Buying and Merchandising Manager had attended a webinar devised and delivered by the Tech Champion during the pandemic, and she was inspired to reach out for guidance. The key considerations that were established were to:

- increase traffic
- improve conversion rates
- reduce drop-outs at checkout
- increase order values
- encourage repeat purchases

Tech Champion Emma helped by giving practical advice, starting with auditing their current online offering and encouraging collaboration with their Communications department to put an emphasis on the online shop. Suggestions included a shop-specific newsletter and testing discount codes. Key aspects of the support included setting up Apple Pay for quicker sales processing for iPhone and Mac users, improvements to the overall navigation around the site, and other user experience improvements.

The Museum's Buying and Merchandising Manager provided the following feedback:

"Since we started working with the Digital Culture Network we have begun regularly meeting with our colleagues in the Communications department. This has allowed us to maximise our income in the run-up to Christmas with great results. It's also afforded us the opportunity to put some of Emma's suggestions into practice, such as regularly featuring shop products in monthly museum emails and introducing a regular shop-specific newsletter to target audiences who have opted to hear from the shop."

The improvement of sales generated from email campaigns are listed below:

Email campaign	Number of sales from campaign	Total sales from campaign
October – four email campaigns	20	£673.15
November – eight email campaigns	57	£2,077.46
December – seven email campaigns	142	£4,122.21

Museum of London were pleased with the results, reporting a 144 per cent increase in online sales in quarter four, followed by a 72 per cent increase in the following quarter. Since working with the Digital Culture Network they have been inspired to carry out a full review of their online offer.

Museum of London provided the following feedback:

"We would recommend the Digital Culture Network to any eligible organisation looking for ways to strengthen their eCommerce offer. The experience was very helpful in focusing our efforts on proven ways to increase revenue as they had lots of ideas and suggestions to offer based on past experience. With the sudden increase in importance of a digital offer in the sector it can seem quite daunting to work out how to make improvements with relatively limited resources, but the support given by the Digital Culture Network helped break this down into manageable steps that gave immediate results."

Investing in tools, resources and programmes to support environmental action and develop climate literacy

This means helping the organisations and individuals we fund understand their impact on our planet, and how they can be more environmentally responsible.

This year we:

- shared practical guides and toolkits to help make Environmental Responsibility part of the day-to-day thinking and work of creative organisations and individuals, which we will continue adding to in our Investment Principle resources
- invested **£350,000** in Julie's Bicycle's "Creative Green Tools", which will help cultural organisations better understand how their actions have an impact on climate change (carbon literacy)
- released our Environmental Responsibility Annual Report, which records further carbon reductions and increased environmental initiatives across our National Portfolio Organisations

This year, we have started to ask the people that we fund to think about our **Environmental Responsibility** Investment Principle. This means that we want organisations and individuals to understand what impact their buildings, work and practices have on the climate and environment, and how they can inspire change. Creative people, arts organisations, museums, and libraries can connect with a wide range of people through their shows and exhibitions, the training they offer, and taking part in conversations. We will continue to support the sector with tools and resources to help bring these ideas to life.

Delivery Plan Measures	Results/Update
Take up and use of the Investment Principles tools and resources (engagement with online resources and participation on development programme)	**42,000** unique visitors to our Investment Principles website pages between April 2021 and March 2022
Number of organisations responding to the Environmental Responsibility Investment Principle in National Lottery Project Grants	**56%** of National Lottery Project Grants applications responded to the Environmental Responsibility Investment Principle **(815 out of 1,443 applications)**

Supporting organisations that are inclusive of and relevant to their communities

- We will make sure our future National Portfolio Organisations and Investment Principle Support Organisations better reflect England as is it today as part of our commitment to the crucial role our Inclusivity & Relevance Investment Principle will play in our 2023-26 Investment Programme.
- All applicants to National Lottery Project Grants have to show that their proposals are open and accessible to the communities they plan to work in, that their workforce reflects the make-up of those places, and that they support the Inclusivity & Relevance Investment Principle.

Department for Digital, Culture, Media and Sport Key Performance Indicator – Opening up Access

Percentages for each protected characteristic (Black, Asian and ethnically diverse, LGBTQ+, female, disabled, age) and a breakdown by socio-economic background[3]

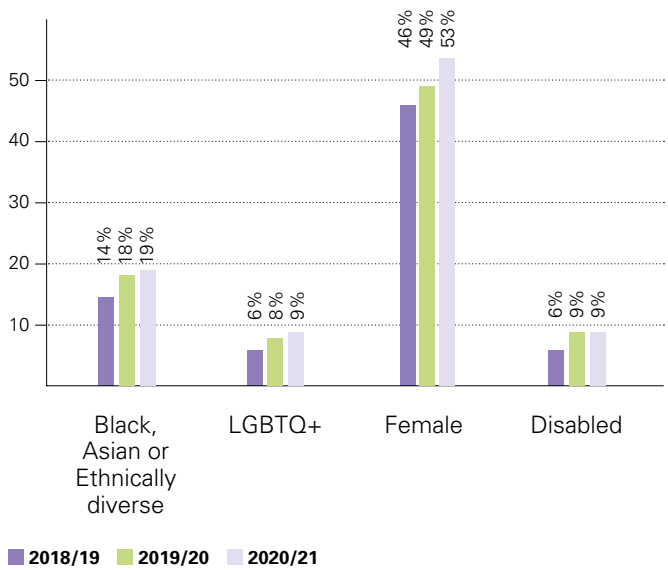
We ask all our National Portfolio Organisations to report on the diversity of their workforce, leadership, and boards each year. Understanding the pressures the organisations we fund faced during the pandemic, we waived our reporting requirements in July 2020. Though we reintroduced the requirements, we have continued to take a flexible approach with organisations still struggling in the wake of Covid-19. Additional information on the work that the Arts Council is doing toward equality and diversity can be found in the Equality Objectives section.

To understand how these figures compare to England as whole, the Office for National Statistics' percentages of working age population, over a similar period, show:

- 17 per cent were Black, Asian and ethnically diverse
- 50 per cent were women
- 23 per cent were disabled
- 3 per cent identified as lesbian, gay or bisexual[4]

We ask all National Portfolio funded organisations to provide diversity monitoring information on the leadership roles of Chief Executive, Artistic Director and Chair. Not all organisations have people in all three of these roles, and as a result we regularly see a wide variety of data provided for this question, spanning a range of other job titles. In addition many National Portfolio Organisations were not able to provide a complete set of data in relation to these roles for 2020-21. This was further complicated by the fact that many roles were furloughed. As a result of gaps in data and inconsistent levels of reporting, we are not able to provide data out-turn data on the diversity of National Portfolio Organisation leadership.

NPO BOARD



[3] KPI data is prepared using the topline tables data (our published official statistics) which excludes outliers. While previous years data have been included for reference, direct year-on-year comparisons are not recommended due to the extreme nature of the 2020/21 reporting year. 2020/21 should be treated as an outlier and seen as a standalone figure.

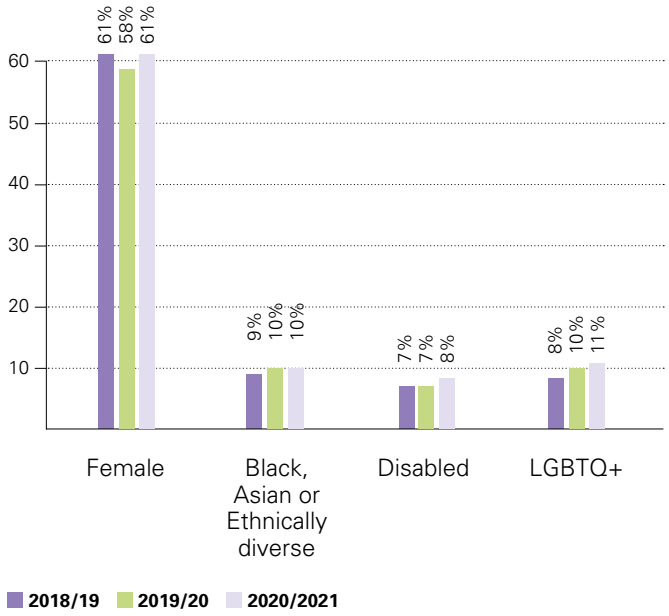
[4] The Office of National Statistics survey asks if the respondent identifies as gay, lesbian, heterosexual or bisexual

The proportion of Black, Asian, and Ethnically Diverse people on the boards of National Portfolio Organisations is higher than in the general working age population. There are also proportionally more women and LGBTQ+ people on boards than their representation in the working age population. Disabled representation is proportionally much lower than the figures for the general population of England would suggest should be the case.

Black, Asian and Ethnically Diverse people and disabled people are proportionally under-represented in the 2020/21 figures for our National Portfolio's workforce. The Covid-19 pandemic disproportionately affected those with protected characteristics, as defined by the Equality Act 2010, and could be reflected in this workforce data.[5]

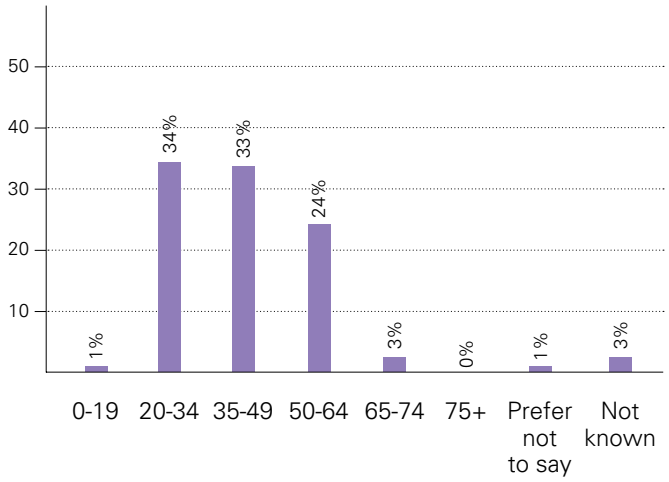
The total number of LGBTQ+ people in the National Portfolio's workforce was 11 per cent that we have data for in 2020/21, which was higher than the 2.7 per cent who identified as lesbian, gay or bisexual in 2019 (APS survey).

NPO WORKFORCE



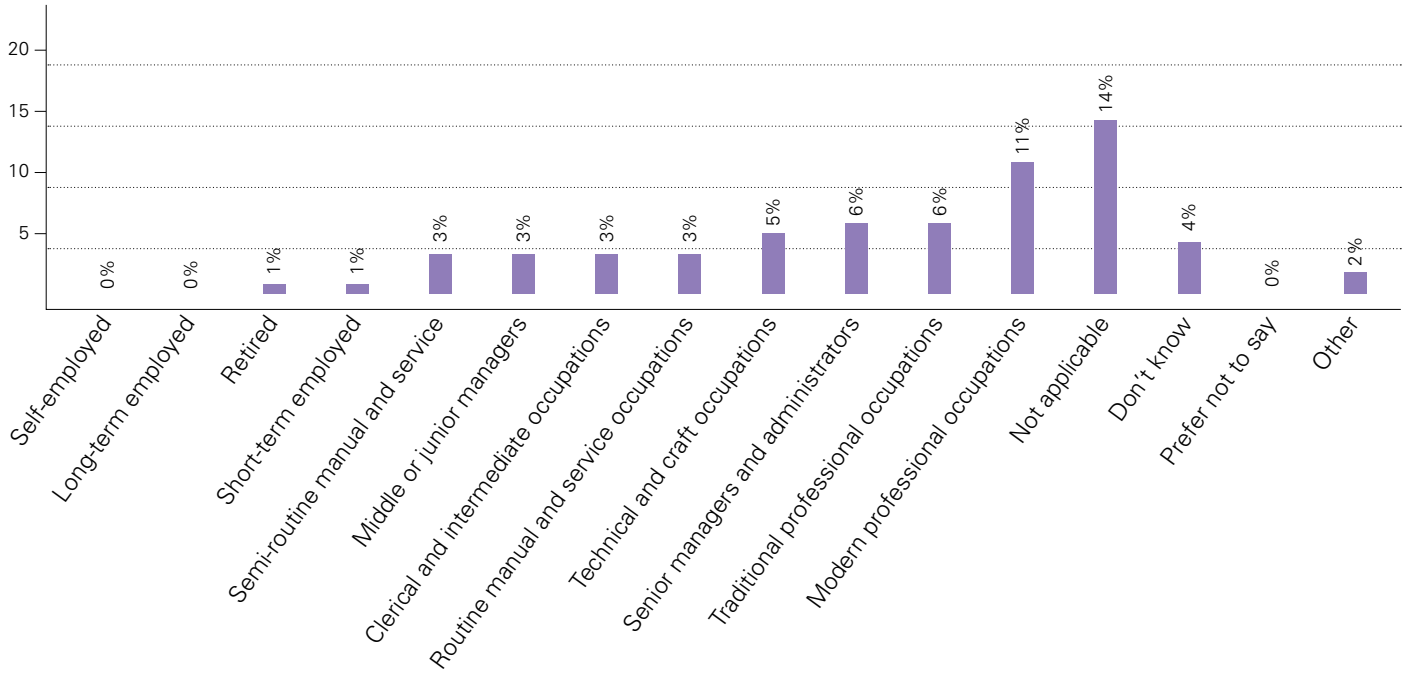
[5] https://www.culturehive.co.uk/CVIresources/culture-in-crisis-impacts-of-covid-19; https://www.weshallnotberemoved.com/2021-survey-report-in-summary

NPO WORKFORCE AGE SPREAD 2020/21



The National Portfolio Organisation workforce shows people aged 64-74 and 75+ are less represented in the workforce than the general population, which may be because of choices taken to retire at the state pension age.

NPO SOCIO-ECONOMIC SPREAD 2020/21



The highest reported occupational group among the National Portfolio Organisation workforce for 2020/21 was Modern Professional Occupation. Overall, the National Portfolio Organisation workforce data in 2020/21 will reflect the results of the Covid-19 pandemic which saw many organisations either furlough staff or make redundancies.

Strengthening our place-based approach and supporting levelling up

How things are now

Let's Create sets out our commitment to Cultural Communities where villages, towns and cities across our country thrive through a collaborative approach to culture. We believe that culture has a deep and lasting effect on places and the people who live in them, and that creativity and culture can and should play a key role in helping level up our country, support communities to recover from the pandemic and rebuild economically, socially and in terms of their health and wellbeing.

In 2021/22 we started to build the foundations for our "Cultural Communities" ambitions in *Let's Create.*

The difference we want to make

We want to strengthen our place-based approach and support levelling up in our country by:

- increasing our investment in places where our investment and engagement with arts and culture have previously been too low
- strengthening the cultural infrastructure across England and supporting communities to recover economically, socially, and in terms of their health and wellbeing
- strengthening creative and cultural opportunities for children and young people in the communities in which they live
- working collaboratively with local and national partners, and supporting major cultural moments

In 2021/22 we strengthened our place-based approach and supported levelling up through:

Increasing our investment in places where our investment and engagement with arts and culture have previously been too low

- We published our list of **54** Priority Places in England where our investment and engagement in culture is currently low but where there is significant ambition and capacity to increase cultural engagement. By working with partners in each of our Priority Places we can understand the changes that local communities want to see, plan how we will work together to achieve that change, and agree how it will be measured. Over the course of the Delivery Plan 2021-24 we will increase our investment and our staff time in our Priority Places.

Delivery Plan Measures	Results/Update
Increase in investment in Priority Places – percentage of Arts Council funding spent in Priority Places	2021/22: **9.87%** of our total investment spent in Priority Places, an increase of 58% from 2017-20[6] In 2019/20 (the last comparable year), the Arts Council spent £48,569,847 in the places that would later become Priority Places. In 2021/22 we spent £83,116,848 in Priority Places, an increase of £34 million, or 71%. Proportion of Lottery spend outside London in 2021/22: 78.25%

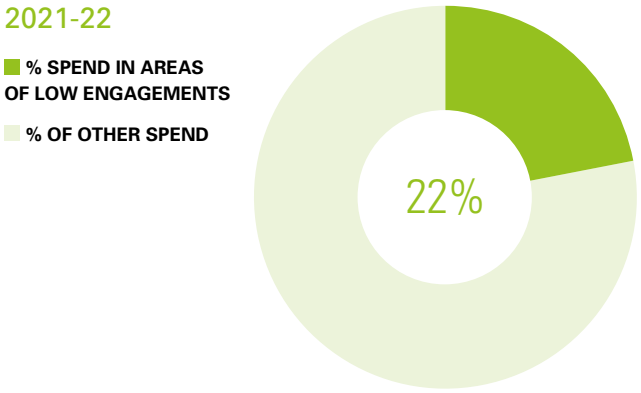
[6] When calculating total investment we look at the location of the applicant rather than the place in which activity takes place. Music Education Hub investment for instance only shows in the upper tier local authorities that receive the funding, rather than across all the lower tier local authorities where activity is delivered. We are beginning to collect more data about where activity actually happens and in future we will be able to show the proportion of our investment going to Priority Places by both location of applicant and area of benefit.

- We developed and launched a 2023-26 National Portfolio process that will enable us to increase investment and opportunities for engagement in under-served communities. We also made a commitment to redistribute existing budgets and use new investment from DCMS to increase the proportion of our investment awarded to organisations outside London, particularly in **Levelling Up for Culture Places**.
- We announced a total of **£38.3 million** which will be invested in 39 Creative People and Places programmes between 2022-25. **Creative People and Places** programmes are led by place-based consortia and deliver all of their activity in places with low cultural engagement.[7]

Department for Digital, Culture, Media and Sport Key Performance Indicator – Levelling Up

Percentage of overall Arts Council funding spent in areas of low cultural engagement as defined by the Active Lives Survey.[8]

Data from 2021/22 shows that 22 per cent of overall Arts Council funding was spent in the lowest culturally engaged areas (as defined by the Active Lives Survey).



CASE STUDY

Creative People and Places programmes

The Cultural Spring: Craft packs

Funded through Arts Council England's Creative People and Places programme, The Cultural Spring works in South Tyneside and Sunderland, both places in which engagement with culture is low. Their work is focused on enabling and highlighting the creativity of those living there and shaping local cultural investment around residents' passions and priorities. Through the pandemic, The Cultural Spring worked with artists to develop craft packs for isolating community members. In 2021 over 2,000 packs were sent out through food banks and community centres, offering everything that people needed to create at home, from scissors to clay.

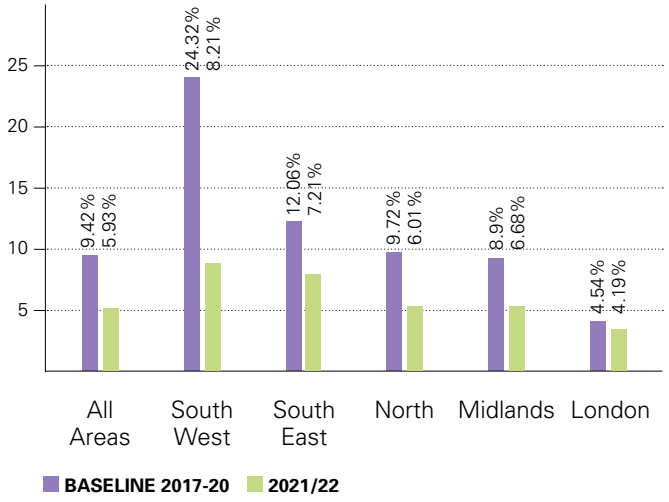
People signed up to the scheme directly or were referred through partners. The Cultural Spring distributed packs themselves and artists offered check-in calls alongside the packs. This meant they built relationships with members of the community, including many who were not able to get out of their home.

The packs offered people a way to build a creative skill over three months. There are still currently 100 people working through the craft packs, supported by monthly check-in calls. Some have gone out through supported living partners, like Wearside Women in Need, which enabled them to reach women who might not come to a community centre to do a craft class but were able to participate in a safe and supportive home environment. Others, such as sensory creativity packs, have been delivered in partnership with South Tyneside Libraries service.

[7] £38.3 million includes £13 million previously committed to this programme.
[8] Lowest 33 per cent engagement as taken from Active Lives 2019/20 data.

At the end of the project there is an option to come to an in-person session with the artist and other participants to share what everyone made. The Cultural Spring's Director, Emma Horsman, says that they're going to continue with this way of working: "Anxiety about stepping over the threshold [out of their homes and into a cultural space] is a big thing for people and hopefully by doing craft packs, we're giving them a gateway into in-person activities".

% OF TOTAL INVESTMENT IN PRIORITY PLACES



Strengthening the cultural infrastructure across England and supporting communities to recover economically, socially, and in terms of their health and wellbeing

- We refreshed National Lottery Project Grants to make the fund better able to support libraries' and museums' activity, touring, and place partnership projects – all of which will help us reach places with limited cultural infrastructure and low engagement.
- Through the **Cultural Investment Fund**, we:
  - invested **£24 million** in **Cultural Development Fund** projects that will use the transformative power of culture to deliver economic and social growth and productivity in seven places across England
  - awarded **£5 million** from the **Libraries Improvement Fund** to 25 library services to respond to the changing demands of the communities they serve
  - invested **£18.8 million** in **31 museums** through the **Museum Estate Development Fund** to help museums improve their infrastructure and carry out urgent maintenance work

Delivery Plan Measure	Results/Update
Percentage increase in the number of library and museum National Lottery Project Grants applications, success rate and increase of percentage in overall funding	114% increase in National Lottery Project Grants funding to museums between 2019/20 and 2021/22. From next year, we will report separately on our museums and libraries investment through National Lottery Project Grants, using 2019/20 as our data baseline. While the success rate of museum applications has decreased, the number of applications and amount awarded increased significantly. Just under **£1 million** of National Lottery Project Grants funding was awarded to Libraries in 2021/22, the first full year since the Project Grant eligibility was extended to funding activity against the Universal Library Offers.

	2021/22			
Main discipline	Applications	Awards	Success rate	Percentage of total National Lottery Project Grants awarded
Libraries	40	25	63%	1%
Museums	81	36	44%	3%
	2019/20			
Main discipline	Applications	Awards	Success rate	Percentage of total National Lottery Project Grants awarded
Libraries[9]	N/A	N/A	N/A	N/A
Museums	23	14	61%	0.50%

- To tackle loneliness and improve health and wellbeing, we partnered with the Department for Digital, Culture, Media and Sport to deliver:
  - **£3.5 million** investment to support The Reading Agency's Reading Well: Books on Prescription programme, rolling out all three mental health collections to every branch library in England. **2.6 million** books have been borrowed since 2020 and Reading Friends groups in public libraries to tackle loneliness
  - **50** Creative People and Places and Celebrating Age projects to work in partnership with local authorities and housing, care and health providers, reaching **29,897** people with a wide range of online and in-person arts and cultural activities
  - the Tackling Loneliness Network working group on youth loneliness and establish an ongoing network of UK-wide arts and health funders
  - the **£4.65 million** Volunteering Futures Fund supported by our partners Sport England, Historic England, and the National Lottery Heritage Fund, which will create more and better volunteering opportunities for young people, people who experience loneliness, and those who cannot access high quality volunteering opportunities

VOLUNTEERING FUTURES FUND:

Projects funded	Projects funded in Arts Council priority places	Funding to Arts Council priority places	Projects in Levelling Up for Culture Places	Funding to Levelling Up for Culture Places
19	6	£1,164,581 (25.04% of total funding)	8	£1,599,575 (34.40% of total funding)

- With the National Academy for Social Prescribing, Historic England, and Natural England we are supporting over 200 organisations across culture, heritage, nature, sport and beyond through the **Thriving Communities Fund**. This fund – a landmark development for the Arts Council – will develop and deliver social prescribing activities addressing those communities most heavily impacted by the pandemic and those living with long-term health disparities.

[9] 2021/22 was the first year that libraries were eligible for National Lottery Project Grants.

CASE STUDY

LeftCoast: From scrub hub to community-led arts group

LeftCoast is Blackpool's Creative People and Places project. When the pandemic happened, artist Gillian Wood had just started her residency with LeftCoast on a local estate. Not being able to connect with residents in the normal way, she started a scrub hub, a call for volunteers to sew scrubs for NHS workers in the local hospital. The idea took off, with hundreds of people signing up, drawn to the idea of being practical and useful in an emotionally turbulent time. They raised £4,800 and made over 400 scrubs while, crucially, cultivating a network of creative people.

The project began to take on a life of its own when the sewing volunteers started sharing their other art and skills. The volunteers started taking a lead and went on to put on their own exhibition, Inside Out, which was held within the Old Fleetwood Hospital and showcased the creativity and talent in their community. LeftCoast commissioned professional artists to collaborate with the group, and they turned some of the art community members created into wallpaper, fabric and furniture. The hospital setting meant they could play with the curation, hanging nude paintings behind hospital curtains. As Artistic Director Tina Redford explains, "It's that joy that you can have, which you would never have in a white cube gallery".

In part, this work was a reaction against solely digital work:

"It's really good when you co-create work because you have an immediate audience. The Inside Out exhibition had 500 people through it during Covid, because people are so proud of that work that they brought around relatives they hadn't spoken to for years to see it."

The amateur artists are now organising a follow-up exhibition themselves.

Strengthened creative and cultural opportunities for children and young people in the communities in which they live

- We awarded **£1.7 million** to a pilot network of eight Creativity Collaboratives across England, each of which will work with a network of local schools to test new ways of teaching for creativity and share learning to bring about far-reaching change.
- We set up the Creativity Exchange, an online platform that supports school leaders, teachers and those working and interacting with schools to access and exchange the latest ideas about teaching for creativity.
- The Department for Education has announced that it will continue to invest around **£115 million** each year in cultural education over the next three years through their music, arts and heritage programmes, including Music Education Hubs. The total amount of Music Education Hub funding from the Department for Education in the 2022/23 financial year will be consistent with the level of funding in 2021/22 (**£76,105,440**).
- Following the publication of the Schools White Paper, we are working with the Department for Education and the Department for Digital, Culture, Media and Sport to publish a Cultural Education Plan in 2023.
- Led by National and Area Council members, North Area Council is piloting a development programme to bring new voices to the Council and for Arts Council to learn from engagement with a wider range of people. The participants have been matched with an Area Council Buddy as a mentor and will attend future Council meetings and take part in a range of training sessions the coming year with the aim of developing their knowledge and understanding of governance so that they can make strong applications to Area Council or other cultural sector Boards.

Department for Digital, Culture, Media and Sport Key Performance Indicator – Youth

The total number of children and young people attending events and activities provided by Arts Council National Portfolio Organisations for 2020/21, in areas of low cultural engagement as defined by the Active Lives Survey[10]

	Known	Estimated	Total
Performances	21,488	10,019	31,507
Exhibitions	36,462	3,481,975	3,518,437
Screenings	8,901	20	8,921
Festivals	1,401	6,371	7,772
Total	68,252	3,498,385	**3,566,637**

CASE STUDY

In Harmony

The aim of **In Harmony** is to inspire and transform the lives of children and their families in disadvantaged communities through the power and discipline of ensemble music-making.

Around 9,000 children each year take part in intensive and high-quality musical activities, including after-school music ensembles, through partnerships with 48 primary schools and three early years settings. **In Harmony** has clear social, education and musical progression benefits for children and young people facing barriers to participation, and for the communities in which they live.

Skilled musicians work together with school staff, making sure that children progress quickly, and that music becomes part of their social lives. The programme's whole-school approach means that music enriches the entire curriculum, and its impact extends to teachers and school staff, parents, carers, and families.

There are six **In Harmony** programmes in Nottingham, Lambeth, Liverpool, Leeds, and jointly in Telford and Stoke-on-Trent, and Newcastle and Gateshead. Each programme has a host organisation – either a National Portfolio Organisation or Music Education Hub. Partnership is essential to **In Harmony's** success, and each programme works with other locally based organisations to help young people progress and develop their musical interests and potential.

A 2021 Arts Council review of In Harmony concluded that:

- **In Harmony** supports musical progression and contributes to improved personal and social outcomes in young people, including agency, aspiration, confidence, communication, resilience, pride, and enjoyment of learning more broadly.
- **In Harmony** supports the whole child, considers the whole school, and the whole family and community. This can improve musical progression and sustained cultural engagement, further underpinning its value to children and young people and supporting a lifelong relationship with music, with alumni aspiring to and working in music and other creative careers.
- A long-term and sustained partnership between the school and the cultural organisation/host organisation is central to this. In particular, the widespread and consistent engagement of the

[10] Taken from known and estimated attendances at activities specifically for children and young people (England only), in National Portfolio Organisations based in the bottom 33 per cent from the Active Lives 2019/20 survey (Q D1 in the Annual Survey – attendance at children and young people events). The known and estimated attendances are distinct questions. If organisations had a "known attendance" of 50 (people who bought tickets) but estimated that a further 45 audience members attended through non-ticketed means, the organisation would have a known audience of 50 and an estimated attendance of 45. Where an organisation knows exactly how many people engaged with an event, this is "known attendance", and the estimated figures should be entered as zero. We add the two attendance figures together to get a total attendance, so it is important not to double count these figures.

cultural partner in the life of the school is important – across all phases; within and beyond national curriculum delivery; considering children, staff, and families; and embedding different kinds of musical activity and approaches.

Of the In Harmony participants in the 2020/21 school year:

– 47 per cent were eligible for the Pupil Premium
– 42 per cent were Black, Asian and ethnically diverse
– 2.7 per cent were disabled, D/deaf and neurodivergent

In Harmony is currently supported in partnership by the Arts Council and the Department for Education.

Working collaboratively with local and national partners, and supporting major cultural moments

- We supported the Area Towns Groups alongside other Arms Length Bodies to share knowledge, co-ordinate planning, and work with government to deliver programmes including the **Towns Fund** and **Levelling Up Fund**.
- We supported the **Local Government Association** to provide Leadership Essentials training for cultural portfolio holders, and to build capacity in cultural services and library teams through a series of peer challenges.

Coventry City of Culture

- Coventry City of Culture Trust has engaged just over 1 million audience members through more than 700 ticketed, un-ticketed and online events since 15 May 2021. These events (taking place in every ward in the city) were supported by 1,515 fully trained City Hosts who contributed 35,913 volunteering hours. The 1 million audience member figure (above) includes over 389,000 tickets issued and an estimated audience of over 136,000 at un-ticketed events (not including the Public Art programme, to be reported in autumn 2022). It also includes over 516,000 people engaging with Trust created online content. In addition to these 1 million audience members, a further 330,000 people have watched Trust created promotional activity.

Increasing our support for individuals

How things are now

The cultural sector is unique in its dependence on individual creative and cultural practitioners. Around 50 per cent of the creative and cultural workforce is freelance, with this proportion reaching up to 70 per cent in some parts of the sector.

The pandemic has had a severe impact on the freelance community, particularly for those freelancers who come from under-represented backgrounds, or from areas with low levels of cultural investment. This year therefore we have focused delivery of this theme on increased investment and support to freelancers to retain talent on which to build toward the "Creative and Cultural Country" ambitions of *Let's Create*. To deliver against each of our "Increasing our support for individuals" actions, we have made sure we have consulted with freelancers along the way.

The difference we want to make

We want to retain and support existing talent in the cultural sector and attract and develop new talent by:

- increasing investment and support to freelancers
- researching talent development pathways for young people

In 2021/22 we retained and supported existing talent through:

Increased investment to freelancers

- **£52.28 million** has been directly awarded to individuals this year, through National Lottery Project Grants and Developing Your Creative Practice programmes, as well as **£1.5 million** through benevolent funds in response to the Government's aim to support freelancers.
- We have contributed a total of **£7.75 million** to the benevolent funds supporting individuals since the pandemic began. In December 2021 we announced **£1.5 million** in benevolent funds distributed by Help Musicians, a-n The Artists Information Company, and the Theatre Artists Fund to help practitioners facing new hardship due to the rising Covid-19 Omicron cases, supporting **2,289** creative and cultural practitioners. A further **£1.7 million** was leveraged, reaching a total of **3,997** individuals.

Benevolent funds:

Help Musicians: **£0.65 million** Arts Council England funding supported 1,494 musicians. Help Musicians added **£0.3 million** to this, with a total of **2,146 musicians** supported by the fund.

a-n The Artists Information Company: **£200,000** Arts Council England funding supported 145 artists. a-n The Artists Information Company added **£50,000** to this, with a total of **180 artists** supported by the fund.

Theatre Artists Fund: **£0.65 million** Arts Council England funding supported 650 theatre artists. Theatre Artists Fund raised a further **£1.35 million**, with a total of **1,671 theatre artists** supported by the fund.

- National Lottery Project Grants can now support more ambitious projects more quickly, as individuals and organisations alike can receive a decision in eight weeks on applications up to £30,000. The fund is now more accessible to individuals with potential, and we are developing a more targeted approach to advice giving, enabling us to give more support to those who haven't already engaged with us – such as individuals at the start of their careers or from under-represented backgrounds.
- We significantly increased the budget available to support practitioners through Developing Your Creative Practice – up to **£21.12 million** from £3.6 million before the pandemic. Because of this, we have been able to support more individuals than ever before, awarding **2,459** practitioners.

Delivery Plan Measures	Results/Update
Increased financial support for individual creative and cultural practitioners	Total investment in individuals in 2021/22: **£52,279,289** 45% of National Lottery Project Grants awards to individuals

Increasing support to freelancers

- We commissioned a **symposium for freelancers** which is being delivered by a consortium of freelancers and freelancer networks. It aims to create resources, stimulus, workshops and discussions leading to improved conditions for freelancers. The symposium is bringing together individuals, cultural organisations, funders and policy makers, and Ministers in May and June 2022.
- We commissioned an evaluation of **Delivering Your Creative Practice** to help us understand the impact of the programme so far and how successfully it was delivering for recipients. The initial evaluation findings suggest that the programme is achieving its aim to support individuals to take some time to focus on their creative development. The majority of successful applicants felt that they had increased their confidence and motivation for their practice, as well as developing their skills and knowledge. Developing Your Creative Practice is also helping practitioners to become more resilient, with **over 80 per cent** of survey respondents stating that they were more able to sustain a career in the culture sector.
- We have also considered the role of our future National Portfolio Organisations and Investment Principles Support Organisations in supporting creative and cultural practitioners. From 2023 we will fund a new cohort of cultural organisations that are committed to providing more equitable and transparent support for creative and cultural practitioners and offer clear progression routes into the industry. To help us achieve this ambition, we published an information sheet on supporting practitioners alongside our 2023-26 Investment Programme guidance. The information sheet sets out our expectations for organisations who work with freelancers, as well as highlighting good practice considerations and other resources.

Research into talent development pathways for young people

- We have undertaken research with others to help us better understand the barriers to children and young people developing their creative skills and talent post-pandemic. Using this research, we plan to develop a methodology for tracking the progression of children and young people that is simple and clear to understand. We expect to do more work in this area in 2022/23.

Helping the cultural sector to work internationally

How things are now

International collaboration, tours, and performances from visiting artists are important to the business models of many cultural organisations. They support innovation in cultural practice here and allow English audiences to experience the best of world culture. Before the pandemic, two-thirds of our 829 National Portfolio Organisations worked internationally. The pandemic and EU Exit have had a dramatic impact on international touring, particularly within Europe.

Over the last year, our work has focused on helping artists and organisations to navigate and respond to the new landscape and to start work on environmentally responsible approaches to international collaboration. *Helping the cultural sector to work internationally* will feed into our "Creative and Cultural Country" ambition in *Let's Create* to sustain and build on England's international reputation for creativity.

The difference we want to make

To support the cultural sector to rebuild and sustain international partnerships and trading opportunities in a post-pandemic and post-EU Exit landscape, we want to:

- support a range of international activity
- increase international collaboration
- explore environmentally responsible approaches to working internationally
- showcase UK work internationally

In 2021/22 we helped the cultural sector to work internationally by:

Supporting a range of international activity

- Arts Infopoint UK, funded by the four UK nations, provides guidance to overseas artists wanting to perform and collaborate in the UK and to UK artists planning partnerships and tours abroad. Since it was launched in September 2021, there have been **over 52,000** hits on Arts Infopoint UK by **9,621** unique visitors.
- Information seminars, virtual coffee mornings and online material are helping our venues, festivals and artists to retain and build their international connections.

Delivery Plan Measures	Results/Update
Number and profile of individuals/ organisations reached because of collaborative work between the four nations' Arts Councils, number of unique website visitors to Arts Infopoint UK	9,621 unique visitors 52,162 web hits https://artsinfopointuk.com/

- We partnered with the Goethe-Institut's **CROWD** international dance exchange, along with Dance4 in Nottingham and spaces in Germany, the Netherlands and Finland in 2021. The network will expand to include more European partners in 2022.
- We liaised between the Department for Digital, Culture, Media and Sport's Touring Working Group and artists and cultural organisations to make sure that the post-EU Exit concerns of artists and cultural organisations are addressed in Government guidance on the new rules on visas, work permits, carnets and freight. This work will continue into 2022/23.
- We supported the whole cultural sector on how to negotiate a new relationship with Europe. This included commissioning research into the impact of the EU Exit on the Visual Arts and Museums sectors, and funding guidance for independent artists to help them interpret and follow the new rules.

Increasing international collaboration

- We set up the **Cultural Bridge** project in partnership with Germany's Fonds Soziokultur, the four UK nations' arts councils, the British Council and Goethe-Institut to fund collaboration between community arts organisations in Folkestone and Leipzig, Liverpool and Cologne, and West Bromwich and Baden-Württemberg.
- We established city-to-city alliances between the UK and Denmark with city councils in Manchester, Aarhus and Aalborg connecting arts organisations in those cities and uniting the civic and the creative.
- We signed a new Memorandum of Understanding with the British Council in January 2022 with a view to generating opportunities for multiple collaborations between internationally ambitious artists and arts organisations at home.
- We launched the **Four Nations International Collaboration Fund** with our UK arts council partners to bring together artists from two UK nations to work with a third from abroad. The partners invested a total of **£200,000** in **37** awards, 19 of which were to English lead-artists working in theatre, dance and visual arts among other artforms, with a further 14 English artists engaged as partners. The fund has created partnerships across 24 countries including Ireland, Holland, Germany and the USA.

Delivery Plan Measures	Results/Update
Number and profile of individuals/ organisations reached because of collaborative work between the four nations' Arts Councils: number of grant awards by the Four Nations International Collaboration Fund	Of the 49 applications received from applicants based in England, 20 were from organisations and 29 were individuals. Of the 19 awards for lead applicants based in England, 11 awards were made to organisations, and eight to individuals.

CASE STUDY

Four Nations International Collaboration Fund

In the wake of the EU Exit, the arts councils of the four UK nations worked in partnership to launch an international collaboration fund.

The fund offered grants of up to £5,000 to cultural practitioners from two UK nations working together with a third from abroad. Given the travel restrictions of the pandemic, the fund allowed for virtual as well as physical interaction and exchange of ideas.

The fund was administered by Creative Scotland, using money contributed by Arts Council England, Creative Scotland, Arts Council Wales and Arts Council Northern Ireland. The aim was to help the return of collaboration and networking in the UK and internationally. Supporting international collaboration was one of the actions in our Delivery Plan for 2021-24, and the fund also contributed to the "Creative and Cultural Country" outcome in *Let's Create*.

Among the success stories from this are:

- Global Music Makers: English Folk Expo will work with Showcase Scotland Expo (North Ayrshire) and Sounds Australia to connect hundreds of folk, world and roots musicians from around the world
- A training and development network set up by Simon Chatterton Projects working with emerging producers creating art in public spaces. The network includes outdoor partners in England, Scotland, Portugal, Spain, Wales and Denmark

Exploring environmentally responsible approaches to working internationally

- We partnered with the Danish Arts Foundation and the Danish Embassy, London, for an **International Touring and Environmental Responsibility** initiative. We commissioned Julie's Bicycle and The Development Platform for the Performing Arts (Denmark) to deliver an online programme of seminars and workshops, bringing together a cohort of 20 theatre and dance companies based in England and Denmark. The participants explored climate-conscious touring, collaboration and co-production, and were then invited to apply, in partnership, for project funding administered by the Danish Arts Foundation, with three selected to be delivered throughout 2022/23.

A total of 36 applications from across England were submitted for the original programme. A second iteration of the initiative is in development.

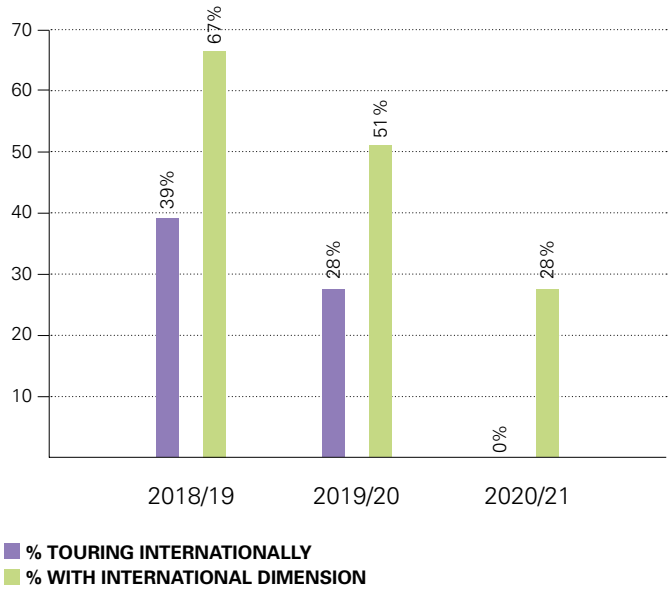
Showcasing UK work internationally

Department for Digital, Culture, Media and Sport Key Performance Indicator – International

Number of international engagements undertaken by National Portfolio Organisations, broken down by live and digital, international region/country, and by size of organisation (2020/21)

International touring was significantly impacted by the Covid-19 pandemic over 2020/21, because of worldwide restrictions. Due to the overall slowdown in international activity, it is likely that we will have more meaningful data by 2022/23.

NATIONAL PORTFOLIO ORGANISATION TOURING



- We commissioned **Horizon**, a public digital programme of presentations and residencies that connected new work and ideas with international partners during the Edinburgh festivals in August 2021.
- We funded National Portfolio Organisation British Underground to deliver **Future Art and Culture**, our annual presentation of exciting and innovative Arts and Tech at South by Southwest (SXSW) in Austin, Texas, in March 2022. It included Future Rites by Alexander Whitley Dance Company, an interactive VR interpretation of The Rite of Spring, and ScanLAB's work, FRAMERATE, a VR film, made using advanced 3D laser-scanning technology. SXSW 2022 also saw the premiere of four prototype productions developed through the innovative UK-Canada Immersive Exchange.

CASE STUDY

UK-Canada Immersive Exchange

This is an innovative new talent development and co-production programme created to support and champion an international cohort of artists, film makers, producers, companies and creators from the UK and Canada who are aiming to be future leaders in immersive storytelling.

24 participants – 12 from the UK and 12 from Canada – were chosen from nearly 500 applications for the initial phase of the exchange, which focused on talent and business development with input from an international pool of expert advisors and mentors. The participants represented an impressive and varied range of experiences from diverse backgrounds across the creative spectrum.

At the end of the talent development phase, the participants were invited to pitch immersive storytelling ideas for international co-production funding. In the second phase of the program, six project ideas, put forward by teams that had at least one UK and one Canadian team member, were awarded funding. Two were for "audience-ready" projects, which each received £100,000 ($170,000 CAD), and four were "prototype" projects which received approximately £25,000 ($40,000 CAD) each. All of the funded projects were successfully delivered in February 2022 and the four prototype projects were premiered at the prestigious SXSW festival in Austin, Texas, in March 2022, with additional support from the Arts Council funded Future Art and Culture programme.

Arts Council England contributed £140,000 to the UK-Canada Immersive Exchange programme through a Development Funds grant as part of a pioneering partnership with four other contributing organisations. These were StoryFutures Academy from the UK, and three Canadian funding and development agencies: Canada Council for the Arts, Canada Media Fund and the Canadian Film Centre's Media Lab.

As part of the management group for the programme, the Arts Council helped to set the terms for and steer its delivery. The main beneficiaries were the 12 UK-based and 12 Canadian-based creatives who were selected to take part. 11 of the UK creatives were based in England.

The UK-Canada Immersive Exchange programme shows how the Arts Council commits development funds and expertise to help demonstrate its commitment to making England a "Creative and Cultural Country".

The UK-Canada Immersive Exchange programme exemplifies all of these innovation-related aspirations.

How the Arts Council will change

How things are now

Let's Create made it clear that to deliver our new strategy and become a more effective national development agency for creativity and culture, the Arts Council needed to change.

Over the last two years we have demonstrated we can be agile and adaptable in the way that we responded quickly to the pandemic with our own Emergency Relief Funds, and in our delivery of the Government's Culture Recovery Fund.

Over the Delivery Plan 2021-24, we will use what we have learnt from the pandemic and better serve creative people, arts organisations, museums, and libraries and the wider sector. This Theme is about delivering "Our role and commitment" as described in *Let's Create*.

The difference we want to make

We want to accelerate change to become a more effective national development agency for creativity and culture, embodying our four Investment Principles through:

- strengthening our commitment to ambition and quality
- reducing our environmental impact
- becoming dynamic and innovative
- becoming more inclusive and relevant to England's population

In 2021/22 we have accelerated change to become a more effective national development agency by:

Making a strong commitment to ambition and quality

- We increased the availability and quality of our advice giving for our open project funding programmes to ensure that we can spend more time with applicants not currently receiving as much funding as others, such as diverse applicants and those based in our Priority Places.
- We began the process of creating a new multi-purpose collections and cultural facility consolidating the **Arts Council Collection**[11] with **The British Council Collection** in the former IKEA store in Coventry. We signed a collaboration agreement with Coventry City Council, British Council and Culture Coventry in November 2021 and a lease agreement in March 2022, with the facility due to be operational in 2024. The new store will allow the Arts Council Collection to develop and implement new ways of exploring public engagement with the collection and contribute to a legacy for Coventry's City of Culture programme.
- We are building an online system to manage the export licensing scheme that we deliver on behalf of government in order to improve the quality of our support for the art market. The new system will ensure that we remain a globally competitive centre for the international trade in arts and antiquities.

[11] The Arts Council Collection is one of the largest national loan collections of modern and contemporary British art and is the most widely circulated national loan collection reaching the broadest possible audience through long loans to public institutions, exhibition loans, touring exhibitions and digital and print publications.

Department for Digital, Culture, Media and Sport Key Performance Indicator – Cultural Property

The Arts Council's delivery of Cultural Property functions:

Key Performance Indicator	Result
A): Export licenses issued within five working days of the Arts Council receiving the application	**100%** of export licenses issued within five working days of the Arts Council receiving the application with the exception of five licences for export to Russia which have been put on hold at the request of the Department for Digital, Culture, Media, and Sport.
(B): Report to Department for Digital, Culture, Media and Sport on the applications considered at each Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest (RCEWA) meeting within two weeks of the meeting.	**100%** of applications were reported to Department for Digital, Culture, Media and Sport within two weeks of the meeting.
C): Government Indemnity Scheme claims with recommendation submitted to Department for Digital, Culture, Media and Sport within two weeks of receipt of all paperwork	**100%** of claims were forwarded within two weeks.

Working to reduce our environmental impact

We have completed an environmental review of the whole organisation, as committed to in the Delivery Plan. We have looked at the past and present to understand how well we are doing on our commitment to Environmental Responsibility, and will publish a new action plan in 2022/23 looking at how we will do better in the future.

- We published six priority areas for action in our "From Understanding to Action" policy overview: people, place, travel, technology, procurement, and pension.
- We increased the number of Arts Council staff within the Environmental Responsibility team.

Delivery Plan Measures	Results/Update
Progress by the Arts Council on its net zero carbon pathway.	Our Environmental Responsibility: From Understanding to Action, published in November 2021, included an initial carbon footprint for the Arts Council. This was calculated with the support of our environmental partner Julie's Bicycle, together with an updated environmental policy and carbon reduction targets relating to travel and energy. Our environmental action plan will be published later in the year, and we'll report on our environmental impacts and carbon footprint in Summer 2022.

Becoming more dynamic and innovative

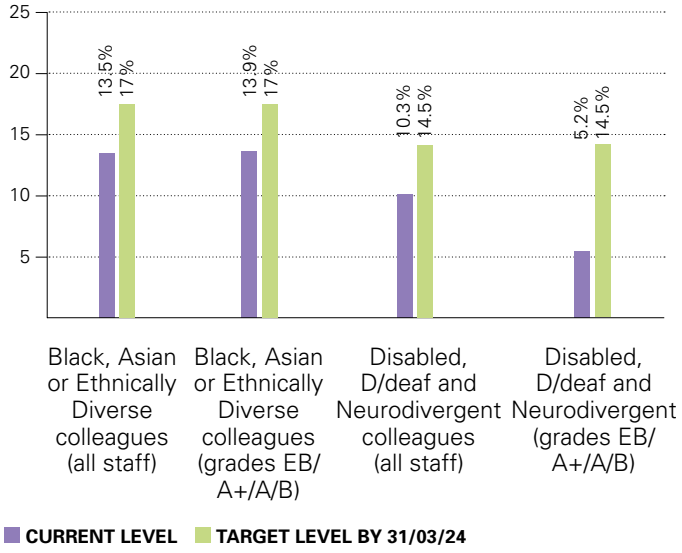
- We retained our gold rating against the **Investors in People** framework, a benchmark for organisations to assess how well they are supporting people at work. We continue building an **organisational culture** that supports learning and the development and wellbeing of our staff.
- We established a new Insight Team to build our data and insight capabilities, place data and analysis at the heart of our organisation, and support our strategic goals by gaining a better understanding of how and where we work.

Delivery Plan Measures	Results/Update
Progress on the implementation of our new data strategy	Our Data Strategy outlines how data will support us to achieve our three *Let's Create* outcomes, and the positive impact that creativity and culture can make to people, communities, and the country. Our Insights Team at Arts Council England provides data support to the whole organisation. New roles manage the technical capabilities of data and how it is used, and improve the ways we collect and share data with the sector. We are also creating a new staff data literacy programme to give colleagues the confidence to use data, and building new software to help manage and use our information. We are developing a new national survey on creativity and culture in partnership with the Department for Digital, Culture, Media and Sport which will help us understand our long-term impact and the efficacy of *Let's Create*.

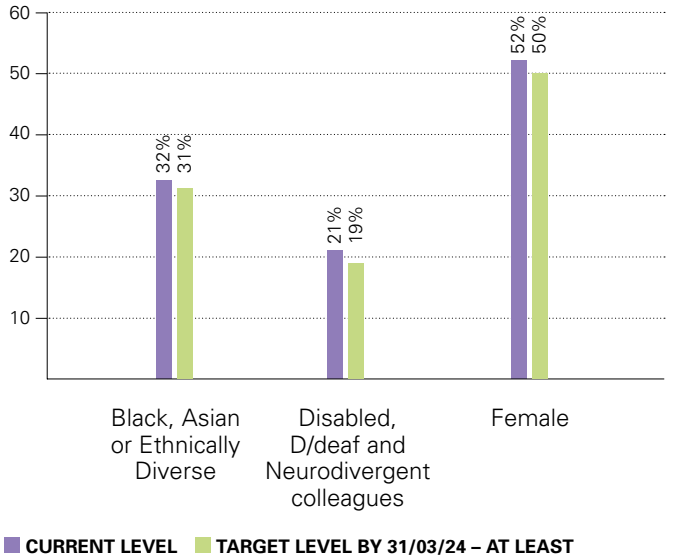
Becoming a more inclusive employer that better reflects and serves all communities across England

- We introduced targets to increase the representation of Black, Asian, Ethnically Diverse, Disabled, D/deaf and Neurodivergent colleagues by 2024.

ARTS COUNCIL ENGLAND STAFF REPRESENTATION AGAINST TARGETS



AREA COUNCILS REPRESENTATION AGAINST TARGETS



- We increased the proportion of our staff based outside of London from 71 per cent to 76 per cent and we are on track to achieve our aim to transfer a further 30 roles out of London by 2025.

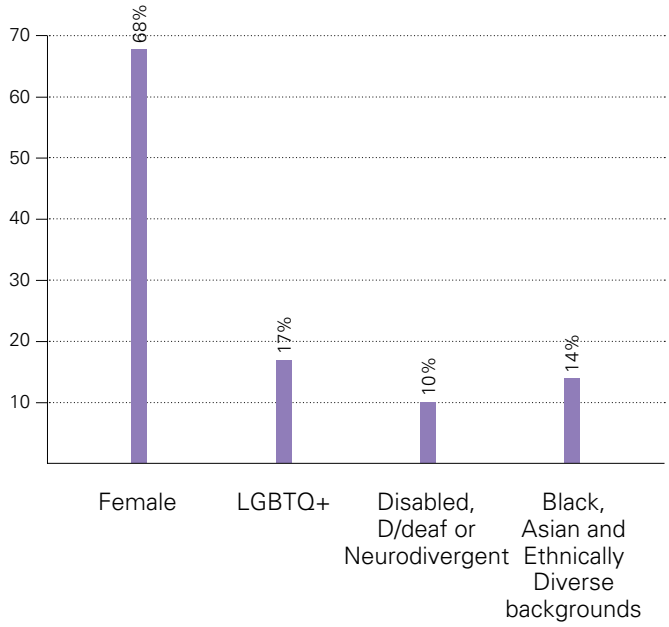
Delivery Plan Measures	Results/Update
Data on geographic location of Arts Council staff	London: 165 Outside London: 514

- Our median gender pay gap has increased slightly in 2021 to 1.2 per cent from 0 per cent in 2020. The mean pay gap has risen by 2.4 per cent over the last 12 months to 8.4 per cent. This compares to the Civil Service median gender pay gap which fell from 10.5 per cent in 2020 to 8.1 per cent in 2021. The Civil Service mean pay gap fell from 9.3 per cent to 7.8 per cent over the same period.
- Our median ethnicity pay gap is -4.2 per cent in 2021 compared with 0.5 per cent in 2020. The change is due to an increase in the proportion of Black, Asian, and Ethnically Diverse staff in the highest two pay quartiles this year compared with the proportion in the organisational headcount.
- We launched our first ever Youth Advisory Board pilot so that the ideas and experiences of children and young people feed into our policy development work and help shape the future of our organisation. We appointed 18 young people to the Youth Advisory Board.

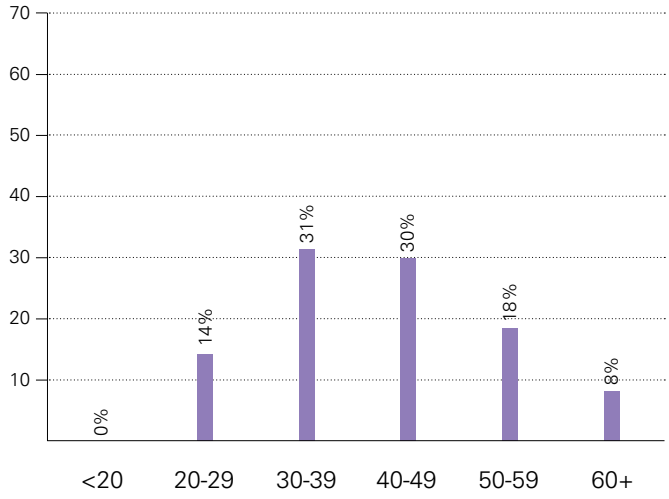
Department for Digital, Culture, Media and Sport Key Performance Indicator – Opening up Access[12]

Percentage for each protected characteristic (Black, Asian & Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background

ARTS COUNCIL WORKFORCE

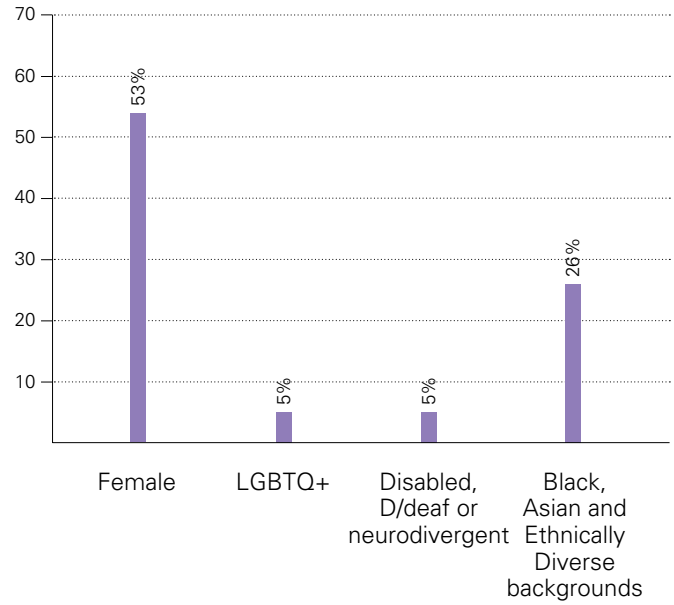


ARTS COUNCIL AGE SPREAD



[12] We do not yet have socio-economic data. Target for Black, Asian, and Ethnically Diverse background: 17 per cent by 2024. Target for Disabled, D/deaf, or Neurodivergent: 14.5 per cent by 2024.

ARTS COUNCIL LEADERSHIP



04.

Remuneration and staff report 1 April 2021 – 31 March 2022

PART-AUDITED INFORMATION

The remuneration report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts. The salary and pension disclosures for senior staff, the disclosures required by the Hutton Review and the Compensation scheme – Exit Packages have been audited.

THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting on 18 May 2022 where decisions were taken about 2021/22 Executive Board and CEO remuneration, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Elizabeth Murdoch and Kate Willard.

COUNCIL MEMBERS' REMUNERATION

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council Chairs, and our National Chair. Remuneration amounts are set by the Department for Digital, Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also Chairs of Area Councils were entitled to remuneration of £6,659 each per annum during 2021/22 (2020/21: £6,659). During 2021/22, five members of National Council served as Area Council Chairs. The Chair's salary for the period 2021/22 was £40,000 (2020/21: £40,000). Remuneration and expenses paid to National Council members are shown in the table below:

EXECUTIVE DIRECTORS' REMUNERATION

For 2021/22, the Arts Council's Remuneration Committee did not award a pay increase to the Executive Board and Chief Executive. No performance award was made to them for their work in year ending 2020/21. Both of these decisions were taken to reflect the pay freeze for employees earning more than £24,000 set out in the 2021/22 Civil Service Pay Guidance (which the Arts Council is bound to) rather than being any reflection on the performance of Executive Board.

NATIONAL COUNCIL MEMBERS	POSITION	SALARIES	EXPENSES	TOTAL
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£909	£40,909
Professor Roni Brown	Chair – South East Area Council	£6,659	£415	£7,074
Ruth MacKenzie CBE	Chair – London Area Council	£6,659	£0	£6,659
Kate Willard OBE	Chair – North Area Council	£6,659	£0	£6,659
Helen Birchenough	Chair – South West Area Council	£6,659	£870	£7,529
Sukhbinder Johal MBE	Chair – Midlands Area Council	£6,659	£138	£6,797
Michael Eakin	Member		£0	£0
Ciara Eastell OBE	Member		£484	£484
David Joseph CBE	Member		£0	£0
Catherine Mallyon	Member		£0	£0
Andrew Miller MBE	Member		£114	£114
George Mpanga	Member		£0	£0
Elisabeth Murdoch CBE	Member		£0	£0
Paul Roberts OBE	Member		£346	£346
Tessa Ross CBE	Member		£0	£0
Area Council Members			£3,181	£3,181
		£73,295	**£6,457**	**£79,752**

MEMBERS RESIDE IN DIFFERENT PARTS OF THE COUNTRY AND THEREFORE THEIR EXPENSES WILL VARY ACCORDINGLY.

EXECUTIVE BOARD REMUNERATION REPORT

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley CBE Chief Executive	2021/22 2020/21	150 150	0 0	0 0	30 30	**180** **180**
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	2021/22 2020/21	126 126	0 0	0 0	25 25	**151** **151**
Simon Mellor Deputy CEO (Arts & Museums)	2021/22 2020/21	126 126	5 5	0 0	25 25	**156** **156**
Elizabeth Bushell Chief Finance Officer	2021/22 2020/21	112 112	2 2	0 0	22 22	**136** **136**
Mags Patten Executive Director (Public Policy & Communications)	2021/22 2020/21	112 112	0 0	0 0	22 22	**134** **134**
Francis Runacres MBE Executive Director (Enterprise & Innovation)	2021/22 2020/21	112 112	0 0	0 0	22 22	**134** **134**
Richard Russell Chief Operating Officer	2021/22 2020/21	112 112	4 2	0 0	22 22	**138** **136**

The Hutton Review asked organisations to disclose the median remuneration of Arts Council England's staff and the remuneration of the highest paid Director. From 2021-22 the upper and lower quartiles are also disclosed, together with the ratio between them and the highest paid Director. The following disclosures are based on the full-time equivalent staff number at the reporting period end date on an annualised basis and compares this to the annual remuneration of the Arts Council CEO Darren Henley, disclosed above.

	2021/22 £	2020/21 £
Highest paid Director's remuneration	**149,736**	149,736
Median remuneration	**32,615**	32,615
Ratio	**4.59**	4.59
Upper quartile	**43,604**	43,604
Ratio	**3.43**	3.43
Lower quartile	**27,672**	27,670
Ratio	**5.41**	5.41

THE RANGE OF STAFF REMUNERATION DURING THE YEAR WAS £18,928 TO £149,736 (2020-21: £18,769 TO £149,736). THE MEDIAN PAY; UPPER AND LOWER QUARTILES AND THE HIGHEST PAID DIRECTOR'S REMUNERATION DID NOT CHANGE COMPARED TO 2020/21, AS THE MAJORITY OF STAFF DID NOT RECEIVE A PAY AWARD. STAFF WHO EARNED BELOW £24,000 WERE GIVEN A PAY AWARD OF £250. NO BONUSES WERE PAID TO STAFF IN THE YEAR.

COMPENSATION SCHEME – EXIT PACKAGES

Details of redundancies and other exit packages agreed during 2021/22 are as follows:

EXIT PACKAGE COST BAND	2021/22			2020/21		
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2020/21	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2020/21
< £9,999	1	0	**1**	1	0	1
£10,000 – £24,999	0	0	**0**	2	0	2
£25,000 – £49,999	0	0	**0**	1	0	1
£50,000 – £99,999	0	0	**0**	0	0	0
£100,000 – £149,999	0	0	**0**	0	0	0
Total number of exit packages by type	**1**	**0**	**1**	4	0	4
Total resource cost £000s	8	0	**8**	88	0	88

Redundancy and other departure costs have been paid in accordance with the provisions of the Arts Council's job security policy. The Arts Council pays exit costs when employment ends but provides for exit costs at the point when there is sufficiently detailed information to do so.

TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

In accordance with HM Treasury guidance on disclosure, the following disclosures set out the number of interim staff and the assurances given about tax status.

There were no new off-payroll engagements during 2021/22 for more than £245 per day and that had lasted for longer than six months.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2021 and 31 March 2022, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2021 and 31 March 2022.

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	–
Number of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility", during the financial year	9

TRANSFER VALUES

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The calculation of the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

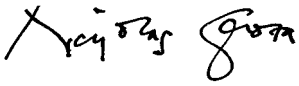
The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Arts Council Retirement Plan. They also include any additional pension benefit accrued to the member as a result of buying additional pension benefits at their own cost. Transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

INCREASE IN TRANSFER VALUE (NET OF INFLATION)

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2022 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2021/22 £000s	TRANSFER VALUE AT 31 MARCH 2022 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2021/22 £000s	TRANSFER VALUE AT 31 MARCH 2021 £000s
Darren Henley CBE Chief Executive	22 (67)	1 (4)	342	7	368
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	53 (158)	0 (1)	940	(4)	1,016
Simon Mellor Deputy CEO (Arts & Museums)	24 (71)	1 (3)	493	12	484
Elizabeth Bushell Chief Finance Officer	33 (99)	1 (3)	485	1	541
Mags Patten Executive Director (Public Policy & Communications)	22 (67)	1 (3)	358	5	384
Francis Runacres MBE Executive Director (Enterprise & Innovation)	29 (87)	1 (2)	598	6	605
Richard Russell Chief Operating Officer	46 (137)	0 (1)	820	(3)	881

This reflects the increase in transfer value that is funded by the employer net of the increase in accrued pension due to inflation. This increase also excludes contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement or purchased via an Additional Voluntary Contribution contract) and uses common market valuation factors for the start and end of the period.

Dr Darren Henley CBE
Chief Executive
13 JULY 2022



Sir Nicholas Serota CH
Chair
13 JULY 2022

05.

Sustainability report

The sustainability report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts.

OVERALL PERFORMANCE

The year 2021/22 saw a moderate increase in office occupancy and business activity as government guidance changed.

This led to an increase in travel and estates related emissions compared to 2020/21 levels but this is still much lower than in pre-pandemic times. Like many organisations we expect our office occupancy levels to fall as a consequence of "hybrid working" although it's too early to say what impact this will have on emissions. We are however confident we should be able to reduce the size of our office estate – using lease events as the trigger to implement change.

Additional information about progress towards our Sustainability goals is provided on page 36 of this report.

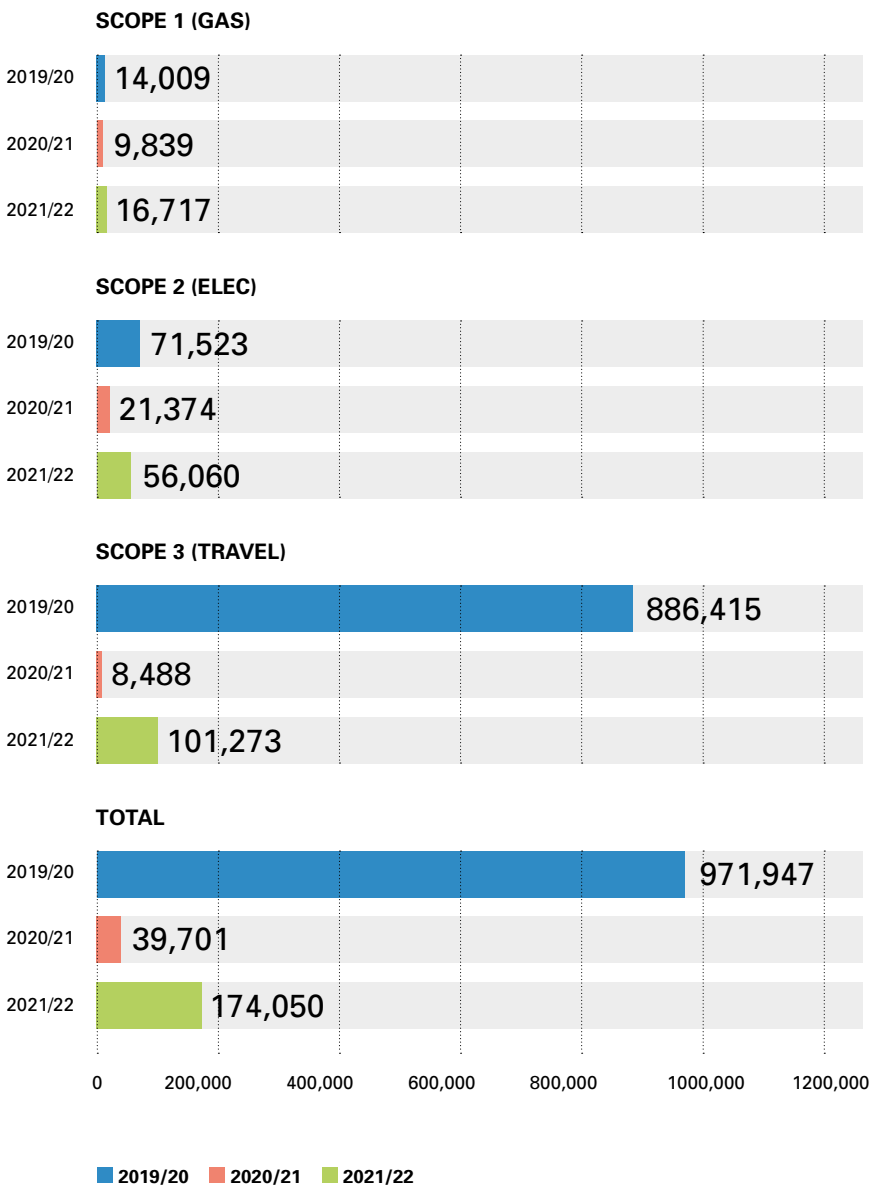
TRAVEL		2019/20	2020/21	2021/22
CO_2 (tonnes)	Rail	101	1	**12**
	Air	25	0	**4**
	Car	96	2	**19**
	Total	**222**	**3**	**35**
Cost (£)	Rail	743,173	5,618	**67,203**
	Air	20,251	0	**6,100**
	Petrol	122,992	2,871	**27,970**
	Total	**886,416**	**8,489**	**101,273**
Miles	Rail	1,526,460	8,349	**195,654**
	Air	159,606	0	**25,008**
	Car	307,481	7,177	**69,925**
	Total	**1,993,547**	**15,526**	**290,587**

WASTE		2019/20	2020/21	2021/22
Non-financial indicators (tonnes)	**Total**	320.32	17.69	**157.27**
	Landfill	0.24	0.24	**0.24**
	Reused/ recycled	320.08	17.45	**157.03**
Financial indicators (£)	**Total**	12,901	7,743	**12,489**
	Landfill	1,484	537	**1,957**
	Reused/ recycled	11,417	7,206	**10,532**

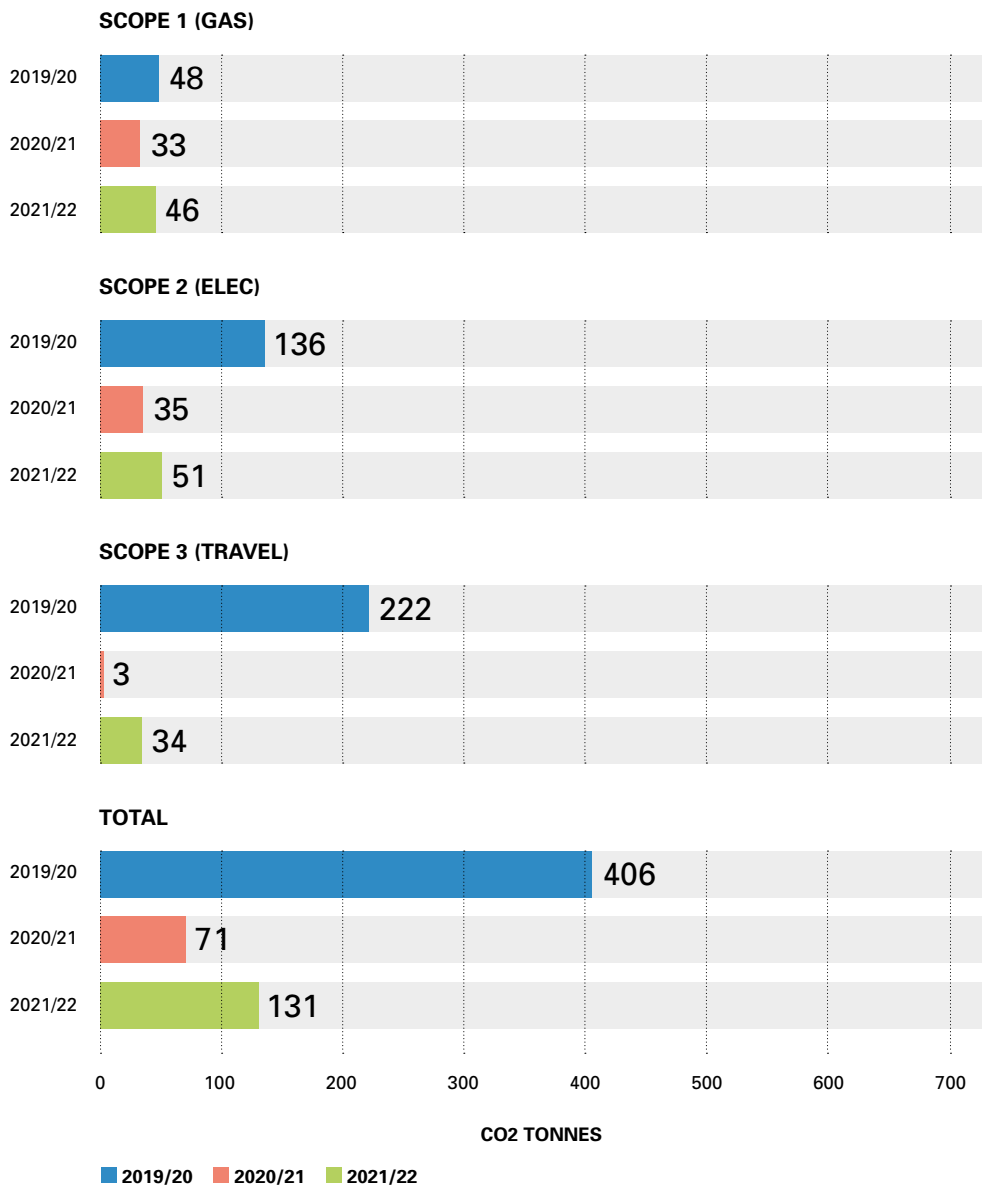
GREENHOUSE GAS EMISSIONS		2019/20	2020/21	2021/22
CO_2 (tonnes)	Total gross emissions (CO2)	184	68	**97**
	Gross emissions Scope 1 (direct)	48	33	**46**
	Gross emissions Scope 2 (indirect)	136	35	**51**
Energy consumption (kWh)	Electricity	479,107	123,722	**238,978**
	Gas	263,503	178,961	**252,926**
Financial indicators (£)	Expenditure energy	85,532	31,214	**72,777**

FINITE RESOURCE CONSUMPTION		2019/20	2020/21	2021/22
Non-financial (m3)	Supplied	9,535.87	1,453.41	**4,075.96**
	Per full-time equivalent (FTE)	18.23	2.57	**7.21**
Financial indicators (£)	Water supply costs (office water)	11,226	5,685	**10,701**

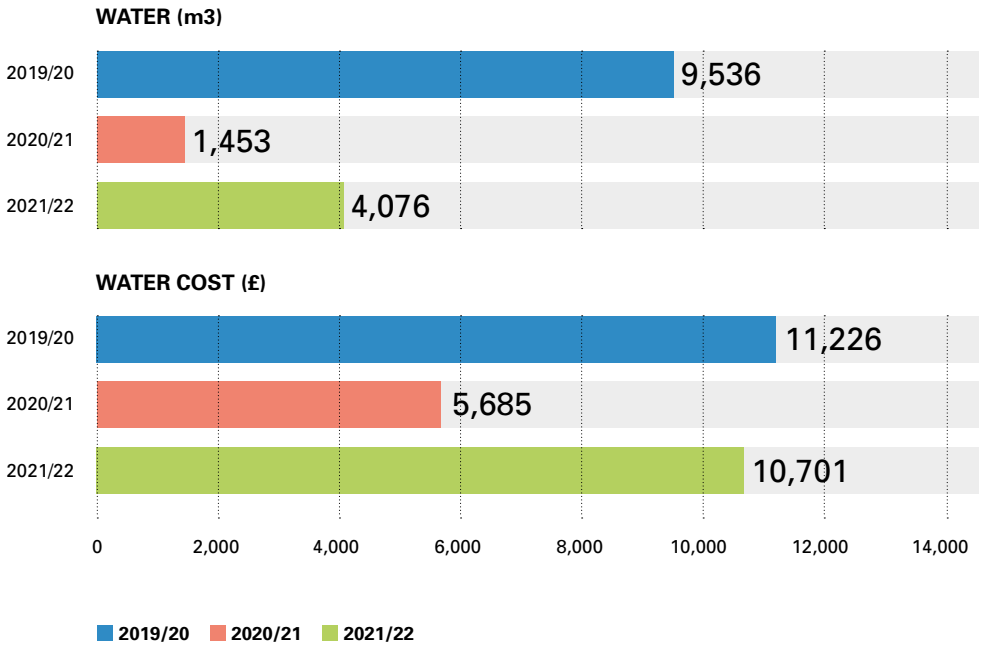
FINANCIAL EXPENDITURE (£)



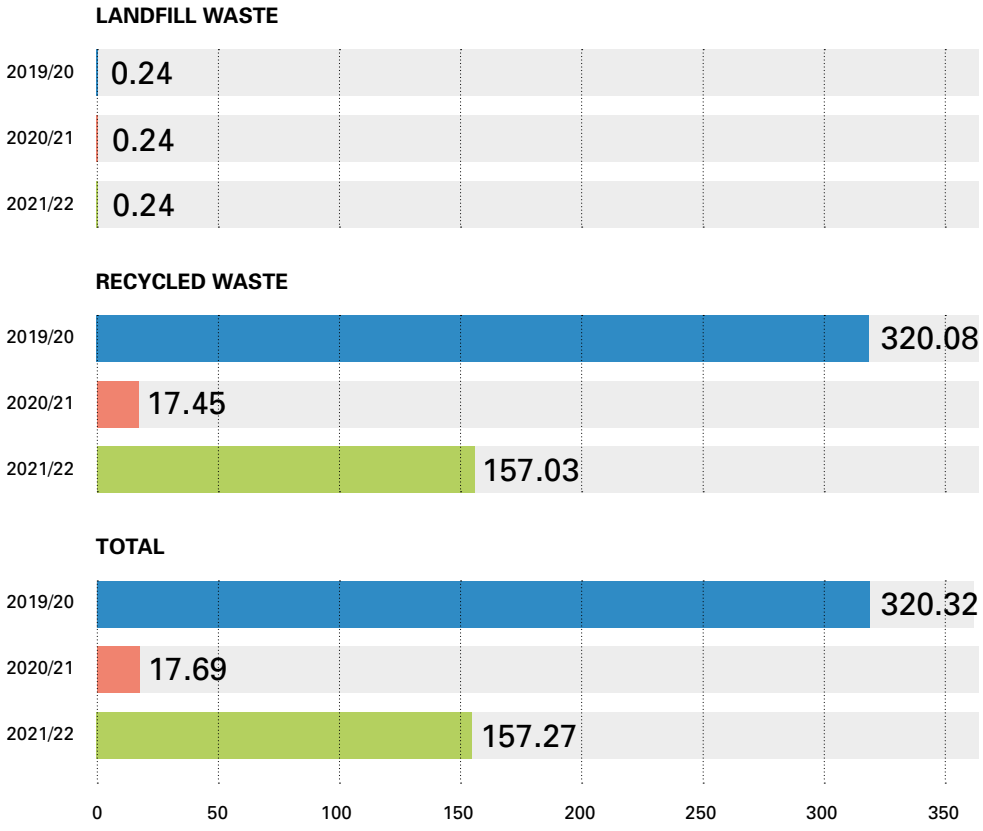
CO2 WHOLE ESTATE (TONNES)



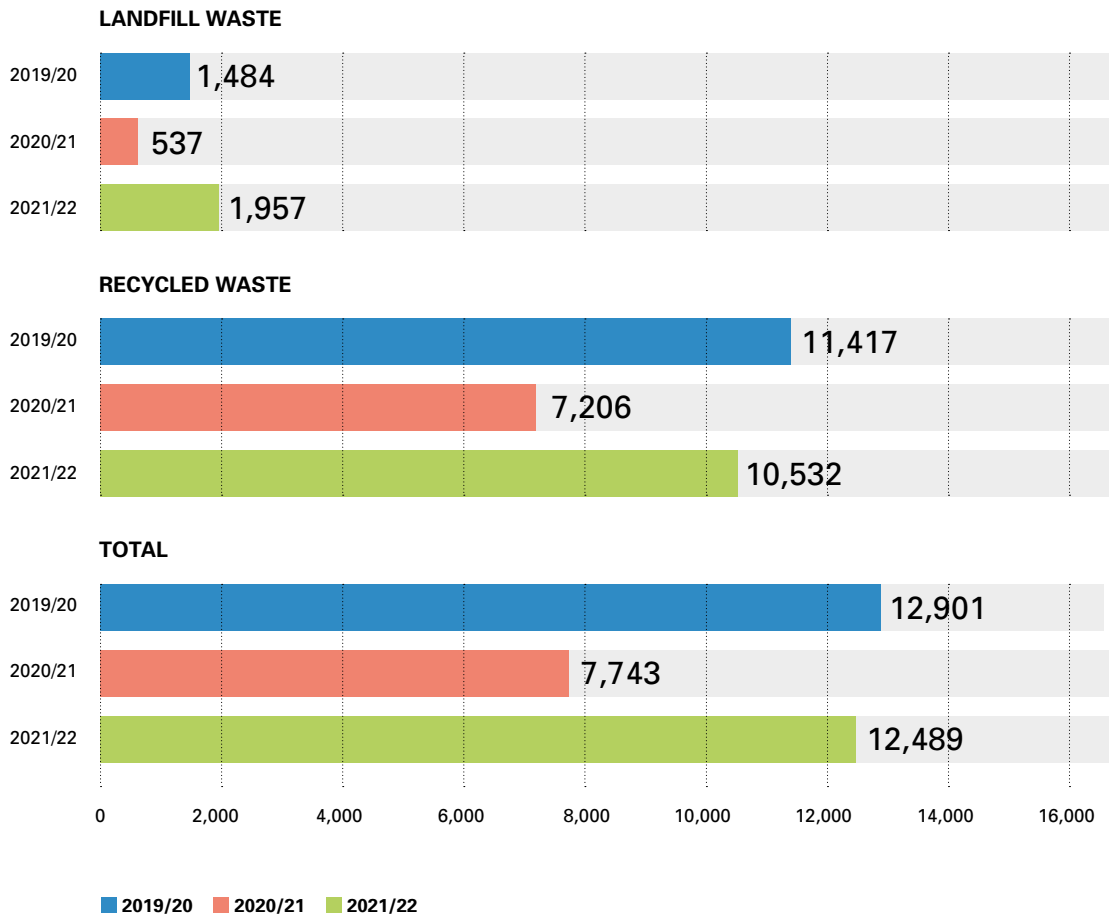
WATER USAGE (m3) AND EXPENDITURE (£)



WASTE – NON FINANCIAL (TONNES)



WASTE – FINANCIAL INDICATORS (£)



Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2022), data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs for travel have been taken from those produced by DEFRA.

We will continue to monitor and report progress on KPIs that have a direct impact on carbon emissions and our efficiency targets (eg office space utilisation).

06.

Corporate governance report

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HELSTON FLORA DAY

GOVERNANCE STATEMENT

Arts Council England was established by Royal Charter on 13 March 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2021 to 31 March 2022.

ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The current objects of Arts Council England as stated in its Royal Charter are to:

- develop and improve the knowledge, understanding and practice of the arts
- increase accessibility of the arts to the public in England
- advance the education of the public and to further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property
- advise and co-operate, where it is appropriate to do so, with Departments of our Government, our Scottish administration, the Northern Ireland Executive and the Welsh ministers, local authorities, the arts councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

The Royal Charter is at the core of our mission as reflected in our strategic framework, *Let's Create.*

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 10 to 39.

ARTS COUNCIL ENGLAND'S GOVERNANCE FRAMEWORK

Arts Council England is an arm's-length non-departmental public body. It is also a registered charity. Accountability to Ministers is managed through the usual control mechanisms for arm's-length bodies.

Arts Council England is regulated in accordance with a Framework Agreement agreed with the Secretary of State for Digital, Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

Arts Council England is fully compliant with relevant principles around governance best practice for public service and charitable bodies as set out in the *Corporate governance in central government departments: Code of good practice 2017.*

Arts Council England's Non-Executive Governance Structure

Arts Council England's governance framework consists of a National Council, five Area Councils, an Executive Board, and a number of committees and panels that National Council has delegated responsibilities to Area Councils, panels and committees as shown below:

National Council

(15 members including the Chair)

ROLE

— govern and hold overall authority for Arts Council England
— retain overall responsibility for the work and conduct of the organisation
— make decisions on Arts Council England's mission, objectives, priorities and strategies
— make decisions on grants above a certain threshold
— monitor delivery of 10-year strategic framework
— approve corporate plan
— approve Grant-in-Aid and Lottery accounts
— advocate for arts and culture and Arts Council England

Five Area Councils

(Chairs sit on National Council, 14 other members, including local authority reps, artists, and arts and culture practitioners)

ROLE

— advise on policy and strategy
— make decisions and recommendations on National Portfolio applications

Museums Accreditation Committee

(16-20 members)

ROLE

— make decisions on Accreditation status and applications from museums and galleries in the UK
— provide quality assurance
— advocate for the scheme

Performance and Audit Committee

(Chair sits on National Council, four National Council members and four independent members)

ROLE

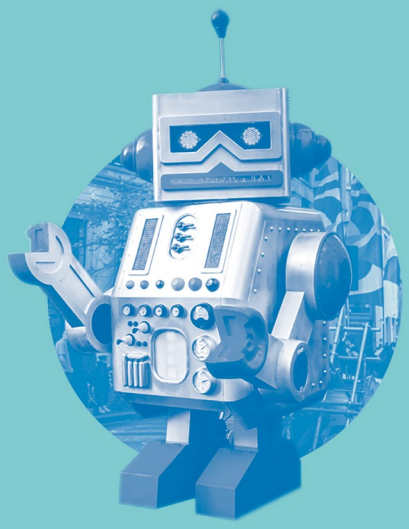
— assess and advise on the organisation's financial risk, performance management, governance and value for money
— performs the responsibilities of an Audit and Risk Assurance Committee

Designation Scheme Panel

(10 members)

ROLE

— make decisions on Designation applications from museums, libraries and archives
— provide quality assurance
— advocate for the scheme



Remuneration Committee

(Chair sits on National Council, four other National Council members)

ROLE

— make decisions on senior executive salaries, bonuses and other terms and conditions

Arts Council Collection Acquisition Committee

(8 members)

ROLE

— advise on new additions to the Arts Council Collection with reference to the Acquisitions and Disposal and Collections Development policy

Acceptance in Lieu Panel

(6-24 members)

ROLE

— advise on items offered to the nation in lieu of Inheritance Tax or through the Cultural Gifts Scheme, on Conditional Exemption and on Immunity from Seizure

Race Advisory Group

(Membership drawn from each Area Council and National Council.)

Disability Advisory Group

(Membership drawn from Area and National Council members with lived experience of disability, deafness and/or neuro-divergence.)

Both the above groups were set up to advise Executive Board and National Council as it seeks to implement its new strategy.

Non-Executive Governance

NATIONAL COUNCIL

MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Digital, Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience.

The composition of National Council in 2021/22 was as follows:

Sir Nicholas Serota CH
(CHAIR)

Professor Roni Brown
(SOUTH EAST AREA COUNCIL CHAIR)

Kate Willard OBE
(NORTH AREA COUNCIL CHAIR)

Helen Birchenough
(SOUTH WEST AREA COUNCIL CHAIR)

Sukhy Johal MBE
(MIDLANDS AREA COUNCIL CHAIR)

Ruth Mackenzie CBE
(LONDON AREA COUNCIL CHAIR)

Michael Eakin

Ciara Eastell OBE
(UNTIL 28 FEBRUARY 2022)

David Joseph CBE
(UNTIL 31 JULY 2021)

Catherine Mallyon

Andrew Miller MBE

George Mpanga
(UNTIL 30 NOVEMBER 2021)

Elisabeth Murdoch CBE

Paul Roberts OBE

Tessa Ross CBE
(UNTIL 30 AUGUST 2021)

HIGHLIGHTS OF NATIONAL COUNCIL MEETINGS IN 2021/22

During 2021/22, National Council and its committees considered key strategic issues and routine business planning; the topics considered included:

- the "Let's Create" Delivery Plan
- Music Education Hubs
- Quarterly Investment Risk Reporting
- Development Approach to Capital
- National Portfolio Application Process Design and Implementation
- Modern Slavery Statement
- Priorities and Provisions for Children and Young People
- Culture Recovery Fund – Continuity Support Decisions
- Arts Council Collection Storage
- Budgets for 2022/25
- Scheme of Delegated Financial Authority
- Museums Estate and Development Fund Decisions
- Area Council Appointments
- Cultural Investment Fund for 2022/23 – 2024/25
- Strategic Risk Update

Further details about National Council's work during the year are available in the minutes from its meetings published on the Arts Council's website.

SUMMARY OF NATIONAL COUNCIL'S REVIEW OF ITS EFFECTIVENESS

National Council reviewed its effectiveness in 2021/22. As part of this it considered:

- how well National Council discharged its role over the year, considering achievements, what worked well, and areas for improvement
- the relationship with government and the Digital, Culture, Media and Sport (DCMS)
- the role of Area Councils, the committees, panels, and advisory groups that support National Council
- its terms of reference and whether any changes were needed

Members considered their effectiveness during 2021/22, noting that during the year they had approved the publication of the Delivery Plan 2021-24, overseen the launch of the National Portfolio Organisation process for 2023+, and continued to steer the Arts Council as it supported the sector's recovery from the pandemic. Members were keen to develop some metrics for assessing the impact of National Council going forward.

National Council was hugely appreciative of the work of the Arts Council's Executive Board led by Darren Henley, noting that the Executive team had successfully navigated a range of unprecedented issues over the last two years, including the delivery of the major part of the Culture Recovery Fund.

There was a discussion about the relationship with DCMS and government, and the closer working relationship with officials through collaboration on the Culture Recovery Fund. Members welcomed the 2 per cent uplift for the sector in the Spending Review and reflected on the instruction from the Secretary of State and her priorities for the National Portfolio Organisation application process.

Members were very grateful for the role of Area Councils in 2021/22, in particular the work that they had done to identify priority places and their contribution to the development of the 2023+ National Portfolio Organisation/IPSO application process. Council also thanked the chairs and members of the Advisory Groups for their continued commitment, time, and advice. The Groups provided vital input into the Arts Council's approach to Equality, Diversity, and Inclusion (EDI).

NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	10/10	–	–
Helen Birchenough	10/10	–	–
Professor Roni Brown	7/10	–	–
Michael Eakin	10/10	4/4	1/1
Ciara Eastell OBE	9/9	–	–
Sukhy Johal MBE	10/10	–	–
David Joseph CBE	3/3	–	–
Ruth Mackenzie CBE	8/10	–	–
Catherine Mallyon	9/10	2/4	1/1
Andrew Miller MBE	9/10	–	–
George Mpanga	3/6	–	–
Elisabeth Murdoch CBE	9/10	–	–
Paul Roberts OBE	10/10	4/4	1/1
Tessa Ross CBE	1/3	–	–
Kate Willard OBE	8/10	3/4	1/1
OTHER MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Claire Ashby	–	3/3	–
Clive Parritt	–	4/4	–
Tracy Staines	–	4/4	–
Penny Ciniewicz	–	2/2	–

WHERE LESS THAN 10 MEETINGS IS REFLECTED IN A MEMBER'S REGISTER ABOVE, IT REFERS TO THE NUMBER OF MEETINGS THEY HAD LEFT BEFORE COMPLETING THEIR FINAL TERM AND LEAVING COUNCIL.

* Performance and Audit Committee attendance is inclusive of four meetings from 10 June 2021 to 3 March 2022, the latter being included as part of the 2021/22 schedule.

COMMITTEES AND SUB-COMMITTEES

Area Councils

There are five Area Councils covering the breadth of England and reflecting Arts Council England's operational structure, appointed to assist National Council in developing, championing and investing in the arts and culture.

They support and promote the organisation's mission and objectives by providing advice on draft policies, making funding decisions and acting as advocates for the arts and culture, creating a live connection at an area level.

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet five times a year.

Performance and Audit Committee

National Council has appointed a Performance and Audit Committee (PAC) to review and report on the systems of risk and internal control, governance and performance management.

The Performance and Audit Committee is chaired by Paul Roberts, a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year. The Performance and Audit Committee is comprised of four National Council members and four co-opted independent members.

Key areas scrutinised by the Performance and Audit Committee during 2021/22 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets, compliance with Government Functional Standards, mid-year impact and performance and the Arts Council's risk management processes. The Performance and Audit Committee also considered the strength of our information security, fraud detection, and post-event assurance on the Culture Recovery Fund (CRF) and Emergency Response Fund (ERF).

As part of their Annual Review of Effectiveness in March 2022, Performance and Audit Committee noted this had been a challenging year both in the quantity and content of the work handled. The Committee decided their goals for the upcoming 2022/23 year would include: supporting National Council through internal audit work as they undertake the National Portfolio Organisation/Investment Principles Support Organisations 2023-26 allocations; considering the risks that are materialising from Covid-related funding; taking a more granular approach to risk, focusing on the Performance Audit Committee's performance and impact role; continuing to provide strong support and challenge for *Let's Create* and the Delivery Plan; and developing the committee given that two new National Council members and an independent member will be joining during 2022/23.

Remuneration Committee

National Council has appointed a Remuneration Committee to deal with the matters set out in the remuneration report. The Remuneration Committee normally meets annually. Further details on this committee can be found in the Remuneration Report.

Race Advisory Group

This time limited advisory group was set up to advise Arts Council England as it seeks to deliver Let's Create, as well as to challenge and eliminate racism and support the sector to recover and restructure in the wake of Covid-19. Among other areas, it has advised on the priorities for the Let's Create Delivery Plan, the design and roll-out of the new Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and an organisation.

Disability Advisory Group

The Disability Advisory Group consists of D/deaf, neuro-diverse and disabled members of Area and National Councils, and was set up on a time-limited basis to examine the emerging issues and challenges for those societal groups in the arts and culture sector (including conscious and unconscious ableism) and to monitor the impact of our policies and decisions. As with the Race Advisory Group above, it has also inputted into the Let's Create Delivery Plan, the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans and our approach to inclusivity as an employer and organisation. The access scheme for disabled audiences is currently being developed under the guidance of this group.

Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

As Arts Council England's Accounting Officer, the Chief Executive is responsible for its overall efficiency and effectiveness and has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the internal auditors, the Deputy Chief Executives, and Executive Directors within Arts Council England, and comments from the external auditors in their management letter and other reports. The Accounting Officer may, on occasion, be required to give evidence to Parliament's House of Commons Public Accounts Committee.

Executive Board comprises of the Chief Executive, two Deputy Chief Executives, and four other Executive Directors. The Chief Executive is appointed by National Council with the approval of the Secretary of State for Digital, Culture, Media and Sport (DCMS).

Executive Board meets formally throughout the year to consider key policy, strategic and operational matters, and provide advice to National Council. It also oversees the financial performance and risk management of Arts Council England as a whole. Appropriate management structures have been created throughout the organisation to assist Executive Board members to oversee their respective departments and areas of responsibility.

Executive Board is supported by a Management Committee, a National Investment Panel, whose membership includes the two Deputy Chief Executives and the five Area Directors, and other panels and decision-making groups.

There are written terms of reference and procedures for National Council and its sub-committees and Executive Board.

MEMBERSHIP OF EXECUTIVE BOARD IN 2021/22

NAME	JOB TITLE
1 Dr Darren Henley CBE	Chief Executive
2 Laura Dyer MBE	Deputy CEO, Places, Engagement & Libraries
3 Simon Mellor	Deputy Chief Executive, Arts & Museums
4 Elizabeth Bushell	Executive Director and Chief Financial Officer
5 Mags Patten	Executive Director, Communication & Public Policy
6 Richard Russell	Executive Director and Chief Operating Officer
7 Francis Runacres MBE	Executive Director, Enterprise and Innovation

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

National Council ensures there are effective arrangements for internal control including risk management at Arts Council England. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and yet economically.

The Arts Council takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe that it is important that we support and encourage innovation and can take managed risks in support of our mission.

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes
- Operational: risks to the delivery of the themes set out in our Delivery Plan
- Programmes/Projects Risk: Risks to the delivery of individual programmes, projects and to particular areas of our work

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives.

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion culture.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. Neither can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

Acceptance of risk is always subject to ensuring that potential benefits and opportunities, and risks are fully understood before decisions are made, and that sensible measures to mitigate risk are established.

System for managing risk

The Department for Digital, Culture, Media and Sport (DCMS) has designated the Chief Executive of Arts Council England as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation. Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how Arts Council England monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

Arts Council England has in place a wide range of policies dealing with control issues for corporate governance, financial management (including counter fraud), project management, health and safety, training and development, information technology, and risk management, all of which are reviewed and updated periodically as part of the organisation's business planning process.

Arts Council England operates a range of controls over the funding programmes it operates to ensure the grant funding provided is used for the purposes intended. These controls are designed to be commensurate with the level of risk associated with each funding programme and the organisation's appetite for risk. The controls include ensuring signed funding agreements are in place, monitoring payment conditions before payments are released, reviewing activity returns and regularly monitoring risks to funded organisations.

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually.

During 2021/22, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or "manager" who manages mitigating actions and controls thereafter.

We reported quarterly to Executive Board and Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis, with progress on implementing relevant controls and mitigating actions reported to the Executive Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

The major residual risks which National Council considers most significant are:

Impact of Covid-19 on the Sector

While arts and culture venues were able to open for part of 2021/22, Covid-19 still impacted attendance. The risk remains that many artists and creative practitioners will not be able to sustain their careers, and vital cultural organisations will not be able to remain solvent as inflationary pressures increase.

The Arts Council delivered three rounds of the Cultural Recovery Fund on behalf of DCMS. We have made delivery of the response packages a significant priority, and where necessary have temporarily redeployed staff to ensure that these programmes can be delivered speedily. We are collecting data on the impact on the sector and are in constant contact with Government, about the impact of the crisis, and the Government's support package on our sector.

Beyond delivery of the response fund, we also working with Government, the sector, local government and other key stakeholders on a reset plan.

Funding pressure on Local Authorities, which leads to reduced local investment in the arts and culture and reduced local momentum to deliver Let's Create outcomes

Economic and inflationary pressures are also severely impacting on local government, the largest investor in the arts and culture sector in England. This has exacerbated our concerns over the possibility of further reductions in local authority investment. We will continue to work with the Local Authorities, elected Mayors, the Local Government Association, the Ministry of Housing, Communities and Local Government, Local Enterprise Partnerships and others to maintain libraries, museums and arts organisations, and make the case for the vital role that they play in our local communities.

We are not seen as responding to the equality issues highlighted by Covid-19

In the wake of the inequitable impact of Covid-19, we managed the risk that we would not respond in an effective and significant way to a lack of parity in the arts and culture sector and embed equality into our strategic decision making, Delivery Plan, and recovery packages.

In response, we developed a set of Equality Objectives to inform all our immediate work, including our Covid-19 response. We are transitioning from the Creative Case to our new Inclusivity & Relevance Investment Principle which enables us to increase our focus on accountability beyond programming to also include Workforce, Leadership and Governance as well as our wider work with audiences and local communities. A new set of Equality Objectives has been developed which run in parallel with our Delivery Plan for 2021-24. (see Performance Report for more details)

Our future income

Our two main sources of income are Grant-in-Aid and funding from the National Lottery.

In March 2022 we received our settlement letter from DCMS confirming our full settlement for 2022/23 of £440.1 million and our core funding for 2023/24 and 2024/25 of £401.7 million and £409.7 million respectively. These figures include a 2 per cent uplift in our core funding in each of the three years.

We continue to monitor the impact of the economy on our National Lottery income, together with the potential impact of transition to a fourth National Lottery licence in February 2024.

Data security and personal data

Arts Council England continues to maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

There were no major security incidents involving data at the Arts Council during 2021/22. There were 28 minor incidents where there was no adverse impact on, or damage to, individuals in relation to personal data. No personal data breaches were reported to the ICO. The Arts Council dealt with all incidents immediately; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

Our Senior Information Risk Owner chairs a quarterly meeting of the Information Governance Subcommittee which oversees the framework and processes in place to monitor information assets and associated risks along with developing a culture of awareness among all staff. The subcommittee is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. There was one whistleblowing claim during 2021/22 which is currently being investigated.

UK sanctions against Russia

As a result of the war in Ukraine, Government Departments were asked to review their business arrangements to ensure that they were not involved in any contracts or transactions which would breach the sanctions placed on certain individuals who were deemed to have close links with the Russian Government. Arts Council England reviewed its finance and grants systems and confirmed that no transactions had taken place with sanctioned individuals or organisations. Arts Council issued a statement on the Russian Invasion of Ukraine on 11 March 2022 which can be read here.

Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including Arms-Length Bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services. For 2021/22 we compiled with all of the

mandatory requirements of these standards relevant to our operations with the exception of one aspect of Functional Standard 007: Security. We do not currently use the Government classification markings but plan to introduce these as part of our new records management system.

Conflicts of interest

As a public body we have a code of ethics that makes sure all staff adhere to the Seven Principles of Public Life, the Bribery Act 2010 and the Government rules on code of conduct in non-departmental public bodies. In particular, staff are required:

1. to act, and be seen to act, with independence and impartiality while working for the Arts Council
2. to take steps to avoid conflicts of interest, by registering and declaring any conflicts between personal interests and the work of the Arts Council as they arise

A register of interests for all National Council and Executive Board members is available at the following link:

https://www.artscouncil.org.uk/national-council/national-council-register-interests

In March 2021 the Government also issued the 12 Principles of Governance for all Non-Executive Directors of Public Bodies

https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

Internal audit

The annual programme of internal audit work is carried out by an external firm of accountants to standards defined in the Public Sector Internal Audit Standards. The work of internal audit is informed by the risk register, an assessment of the assurance requirements – particularly on the most significant risks facing Arts Council England – and the key day-to-day processes and systems in place. The annual internal audit plan is based on this analysis. It is endorsed by Management Committee and approved by the Performance and Audit Committee. The internal auditors receive all Performance and Audit Committee papers and attend the Performance and Audit Committee meetings.

They provide periodic progress reports including the findings of follow-up reviews, building up to an annual report on internal audit activity. This annual report includes the internal auditors' opinion on the overall adequacy and effectiveness of the systems that internal audit have reviewed. The Performance and Audit Committee reviews and discusses the progress report and the annual assurance report. Internal audit services are being provided by RSM.

In their 2021/22 annual report, RSM stated that, in their opinion:

"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective."

Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors with the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A review of the effectiveness of our system of internal control has taken place. National Council and the Performance and Audit Committee have been advised about the findings in the review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Assessment of the effectiveness of internal control during 2021/22

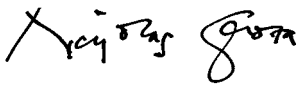
The effectiveness of the Arts Council's internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit Committee. This is supported by a programme of internal audit reviews.

For 2021/22, internal audit completed reviews of the following areas:

1) Post Event Assurance – Emergency Response Fund
2) Financial Interventions and Grant Withdrawal
3) Access Support Fund
4) Website Cookies Advisory Support
5) Post Event Assurance – Cultural recovery Fund round 1
6) Cyber Security
7) Risk Maturity Review
8) Follow Up review

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2021/22 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.

Dr Darren Henley CBE
Chief Executive
13 JULY 2022



Sir Nicholas Serota CH
Chair
13 JULY 2022

Staff Report

As the pandemic and the public health recommendations on sharing public spaces continued through much of 2021/22, the majority of Arts Council colleagues continued to work from home. Meetings continued to be conducted virtually and documents shared through newer online collaborative spaces, as well as the more "traditional" email. The nature of our work, our systems and equipment helped make it possible to carry out emergency sector funding to often tight deadlines outside of a traditional office-based environment. As Covid-19 restrictions relaxed in early spring 2022, we have re-opened our offices to colleagues and set out some rules of thumb for new hybrid working, with regular team contact days and guidance on when it is more appropriate to have a virtual or face-to-face meeting.

The organisation flexed to provide extra resource in support of the Cultural Recovery Funds and other new and critical programmes. As at March 2022, around 100 permanent colleagues were holding down internal secondment roles and there were 127 colleagues in fixed-term contract roles. Forty-one of these were in a bespoke Culture Recovery Fund team. Our voluntary leaver rate was 9.6 per cent (65 from 679 contracted staff) and 152 new colleagues joined the organisation in this year.

During a most challenging year for public health, the Arts Council's sickness absence has remained low at 2.2 per cent of total working days or 5.5 working days per employee. Thirty-six per cent of the days lost were around mental health and wellbeing, while 15 per cent were lost to Covid-19. Our wellbeing initiatives in the year included embedding further the role of Mental Health First Aiders, launching a new online wellbeing platform, extensively promoting our Employee Assistance Programme and introducing new/more metrics.

In our autumn staff survey (with a 78 per cent completion rate), a total of 83 per cent of respondents rated Arts Council England as a good place to work, 82 per cent would speak highly of the Arts Council, and 68 per cent were satisfied with their present work. The key challenge identified was with workload – 60 per cent felt it was higher than 12 months previously and, while 55 per cent felt that the work levels were "ok" or "about right", 35 per cent said they were too high.

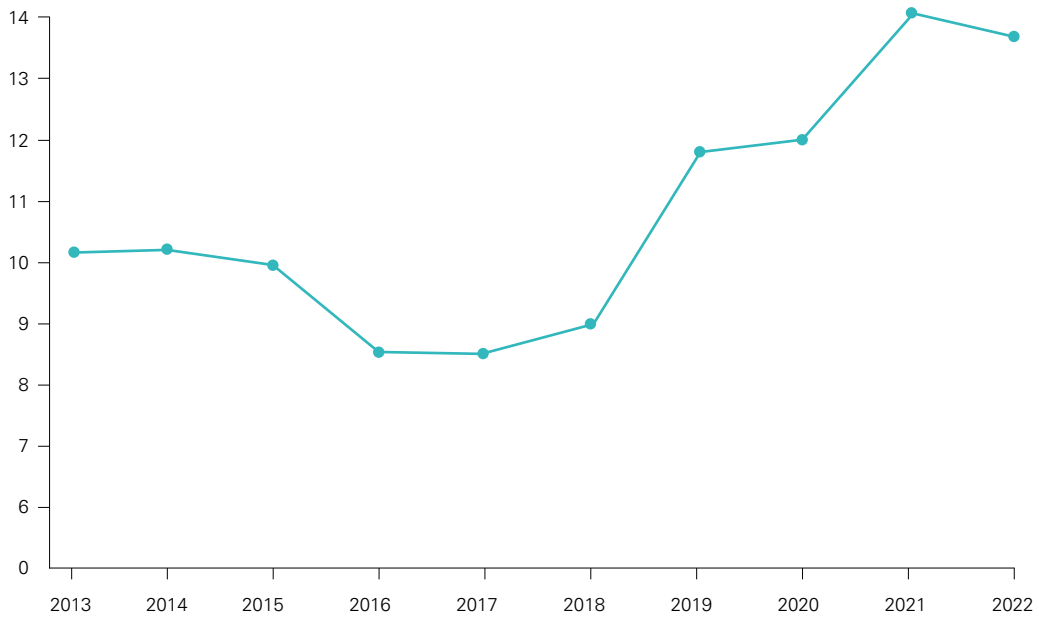
In our gold-standard rated Investors in People assessment in the second half of the year, the assessor's report noted that particular strengths of the organisation included:

- A comprehensive wellbeing strategy
- Recognition for colleagues in the form of internal promotion opportunities
- Robust maintenance of learning and development opportunities
- well-respected and trusted organisational leadership
- comprehensive organisation-wide communications
- colleagues feeling informed and empowered enough to act on their own decisions
- delivery of cultural recovery funding under pressure

In 2021/22, the Civil Service Pay Guidance did not allow us to award most Arts Council colleagues with a consolidated salary increase. Colleagues earning less than £24,000 were given the maximum permissible £250 consolidated pay increase.

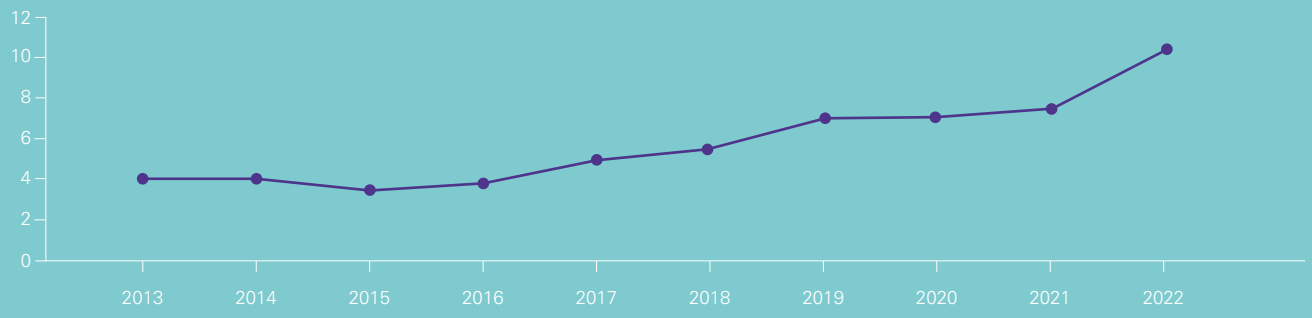
Our proportion of Black, Asian and Ethnically diverse staff in the year fell slightly – from 14.3 per cent in 2020/21 to 13.5 per cent in 2021/22. However, it remains at a higher level than in the years prior to that.

% OF STAFF WHO IDENTIFY AS BLACK, ASIAN AND ETHNICALLY DIVERSE



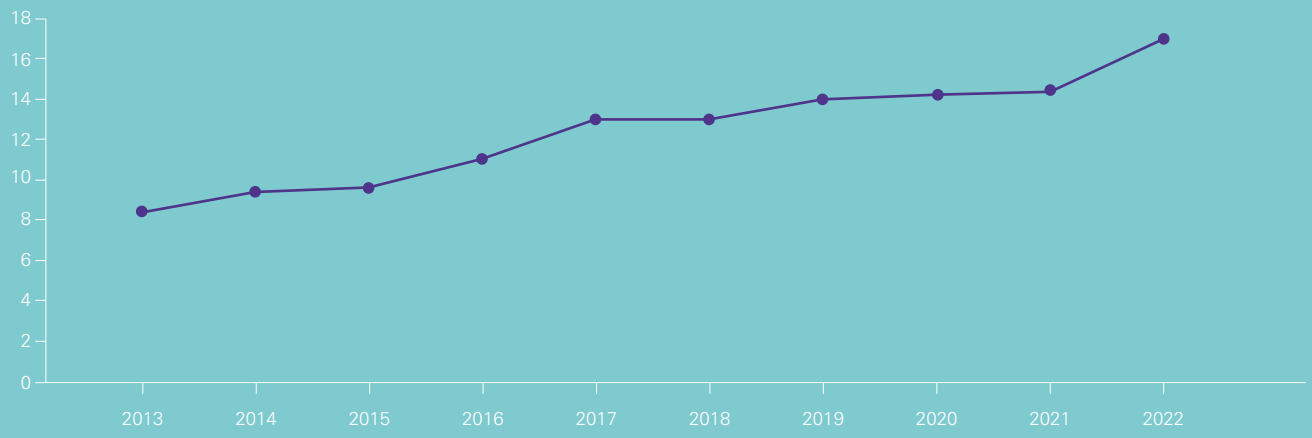
Our numbers of disabled, deaf and neurodiverse staff rose from 7.7 per cent in 2020/21 to 10.3 per cent in 2021/22.

% OF STAFF WHO IDENTIFY AS DISABLED, D/deaf OR NEURODIVERGENT



A total of 16.9 per cent of our staff body is LGBT. These figures are the highest proportions since we began our current record-keeping methods 14 years ago.

% OF STAFF WHO IDENTIFY AS LESBIAN, GAY OR BISEXUAL



Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect on 1 April 2017 and mean that public sector employers are now required to publish certain information on trade union officials and facility time in their annual report.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to a disciplinary or grievance hearing. It will also cover training received and duties carried out under the Health and Safety at Work Act 1974.

The information for Arts Council England is as follows:

Relevant union officials

What was the total number of Arts Council England employees who were relevant union officials during the relevant period?

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL-TIME EQUIVALENT EMPLOYEE NUMBER
14	13

Percentage of time spent on facility time

How many of Arts Council England employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
0%	0
1-50%	14
51%–99%	0
100%	0

Percentage of pay bill spent on facility time

The figures below show the percentage of Arts Council England's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£20,927
Total pay bill	£23,022,215
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.09%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

GRANTS TO LOCALLY GOVERNED ORGANISATIONS

All grants awarded by Arts Council England are subject to funding agreements with clearly laid out terms and conditions. We satisfy ourselves that relevant conditions are met before payment is made.

PUBLIC SECTOR INFORMATION

On 1 April 2009 Arts Council England became a provider of official statistics under the extended scope of the Statistics and Registration Act 2008. This means that when Arts Council England produces, manages and disseminates official statistics we strive to abide by the Code of Practice for Official Statistics published by the UK Statistics Authority in January 2009.

The code sets out a number of important principles and practices to ensure that the official statistics meet the needs of Government and society and are both trustworthy and trusted.

BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2021/22,100 per cent of invoices were paid within 30 days (2020/21: 100 per cent) and we paid 97.6 per cent of invoices within five days (2020/21: 97.6 per cent).

CORPORATE INFORMATION

Principal address as at 31 March 2022
21 Bloomsbury Street
London WC1B 3HF

Banker
Government Banking Service
National Westminster Bank plc
Premier Place
Devonshire Square
London EC2M 4BA

Auditor
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Administrators, actuaries and investment advisers to the Arts Council Retirement Plan

Hymans Robertson LLP
20 Waterloo Street
Glasgow G2 6DB

Administrators, actuaries and investment advisers to the West Yorkshire Pension Fund

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors
A number of specialised solicitors have been appointed to our external solicitor pool.

07.

Strategic report

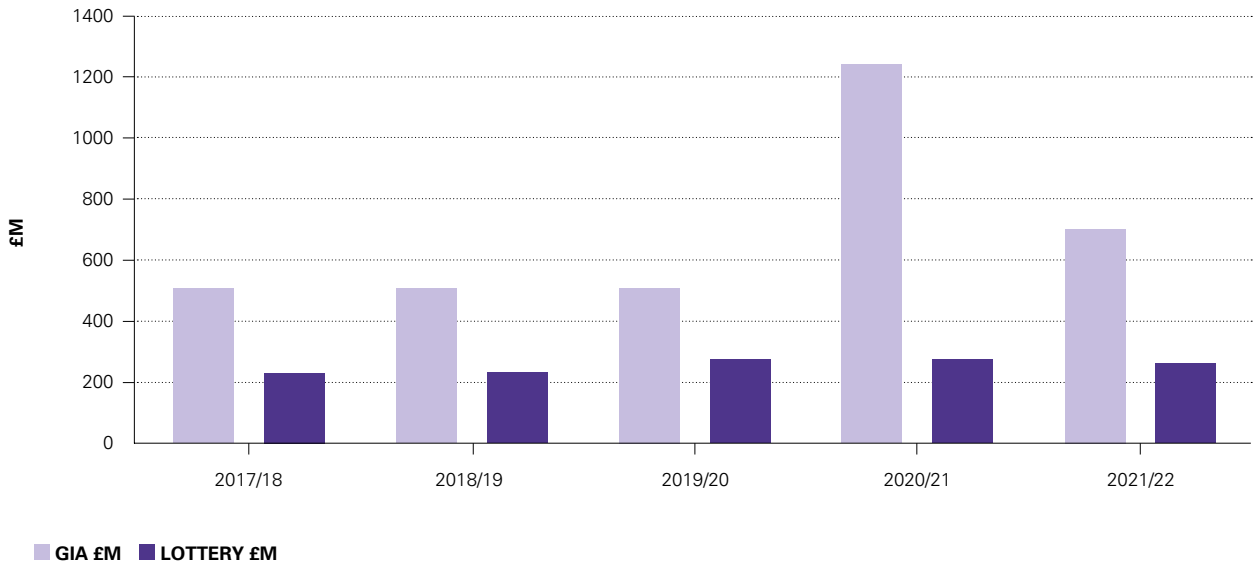
vise
children

FINANCIAL REVIEW, GRANT-IN-AID

Our income

Arts Council England receives Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £690 million for the year (2020/21: £1,237 million), which included £149 million for the Culture Recovery Fund grants programmes and £70.7 million of capital funds to allocate as grants. It also included funding from the Department for Education of £82.2 million (2020/21: £82.1 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last five years.

OUR INCOME



GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2021/22:

PROGRAMME	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
Coventry City of Culture	1.98	–
Cultural Development Fund	3.00	15.50
Museum Estate and Development Fund	0.00	18.83
Libraries Improvement Fund	0.00	5.00
Cultural Investment Fund	1.53	–
Culture Recovery Fund	148.81	–
Volunteering Futures Fund	4.85	–
Specific Capital Projects	0.45	18.80
National Youth Dance Company (NYDC)	0.20	–
Sorrell National Art & Design Clubs	0.13	–
Expansion of Bridge Networks	0.62	–
Museums and Schools	1.19	–
Culture Admin Allocation	0.13	–

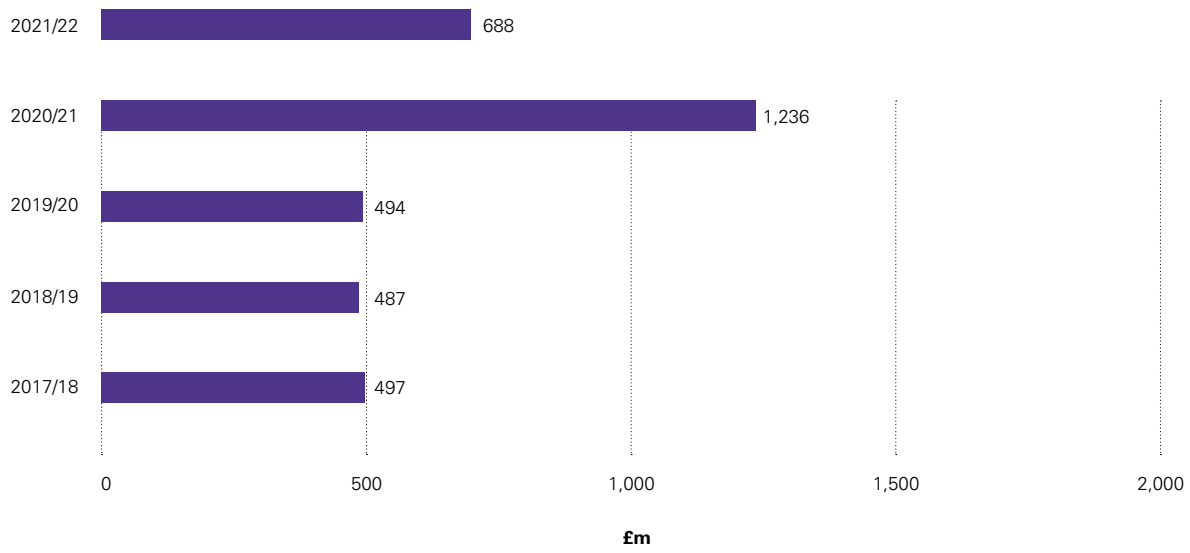
GRANT-IN-AID EXPENDITURE

Our expenditure decreased by 45 per cent compared to 2020/21. This was due primarily to the reduction in the size of the Culture Recovery Fund programme which fell from £695 million to £147 million. However, as can be seen in the chart below, expenditure during 2021/22 was still significantly higher than average.

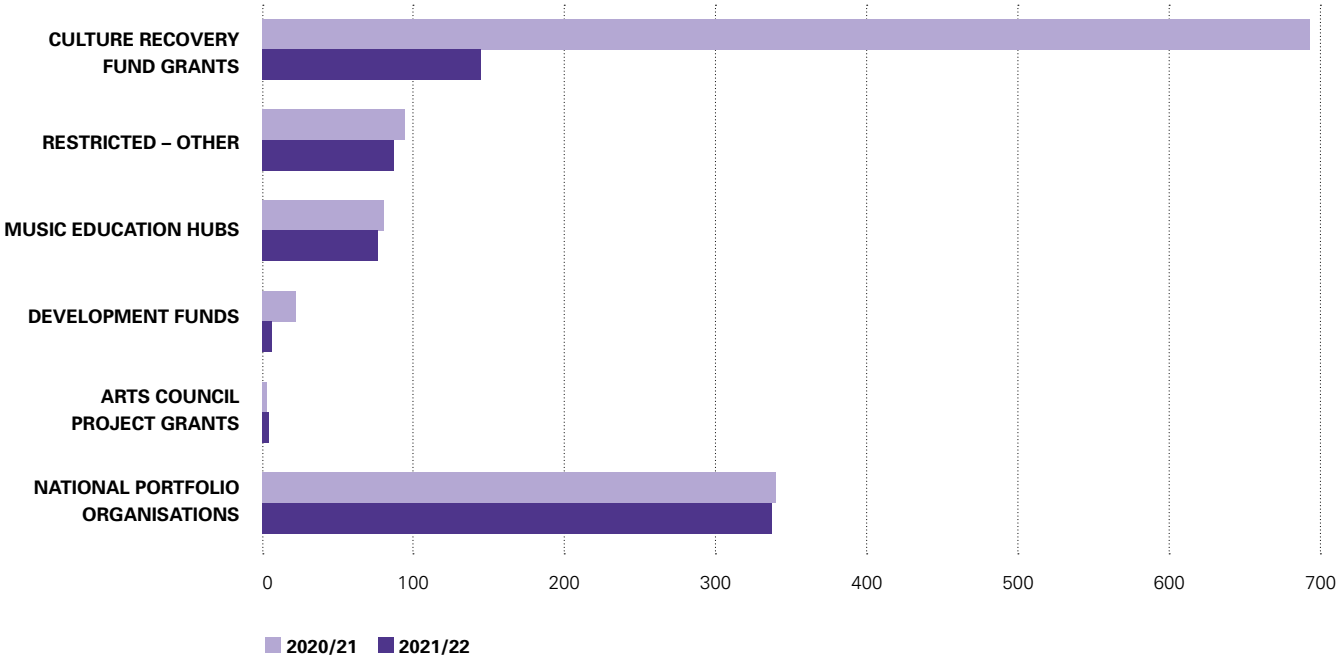
In 2017 the Arts Council announced allocations for its National Portfolio Organisations for the period 2018-22. Of grants relating to the 2021/22 financial year, the final year of this portfolio, £340 million are included in these accounts (2020/21: £340 million).

In addition, we spent £11 million (2020/21: £25 million) through grants and direct expenditure on development and investment programmes and £78 million (2020/21: £78 million) on Music Education Hubs.

GRANT-IN-AID EXPENDITURE 2017-2022



GRANT-IN-AID EXPENDITURE (£m)



As a non-departmental public body, we have a duty to stay within our departmental expenditure limits (DEL) budgets set by DCMS, irrespective of how the financial statements then translate when prepared under the Charities SORP.

Our out-turn against our revenue DEL budgets, set by DCMS, is a £8.96 million underspend (2020/21: £0.33 million underspend). However, the statement of financial activities shows net income for the year of £8.84 million (2020/21: net expenditure of 8.47 million).

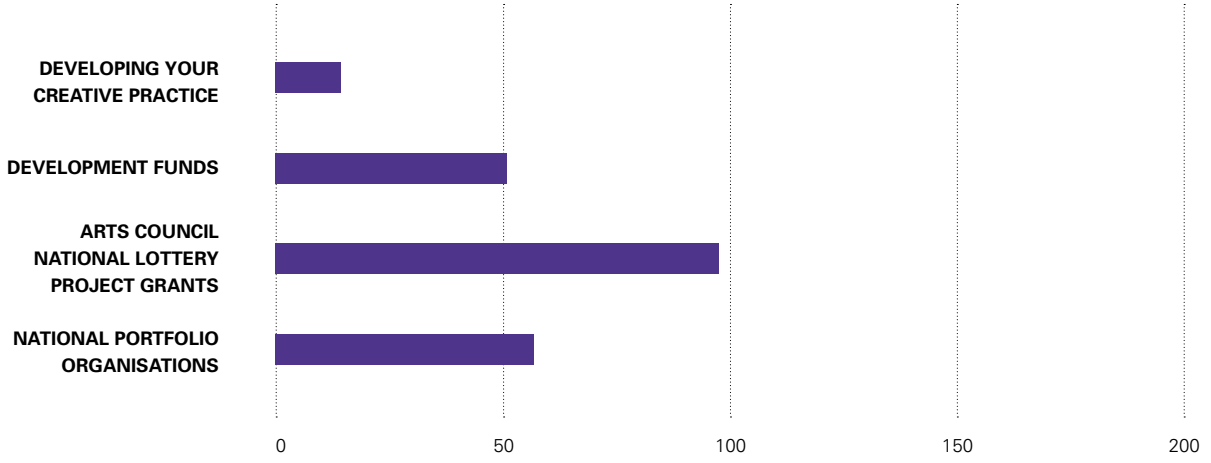
The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to pension costs, the treatment of provisions (which include the West Yorkshire Pension Fund liability) – ie new provisions and unutilised provisions are not included within our DEL totals until they are utilised. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance. Further information is available in Note 28 of the Grant-in-Aid accounts.

At 31 March 2022, Arts Council England had unrestricted reserves of £851,000 (2020/21: £301,000) together with £9.7 million (2020/21: £1.4 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2021/22 were £83,250 including VAT (2020/21: £72,750 including VAT). Full details in relation to financial instruments are given in Note 26 to the Grant-in-Aid accounts.

A significant amount of work was carried out by Arts Council staff to confirm that the grant awards were made appropriately and that there has been no fraud or error. This included obtaining Certified Income & Expenditure reports from Independent Accountants and obtaining evidence of expenditure from a sample of grant applicants to confirm that this was in line with the grant funding agreements. Ten per cent of recipients of both Culture Recovery Fund round 1 and Culture Recovery Fund round 2 grants were sampled and satisfactory information was received from all applicants within the sample.

LOTTERY PROGRAMME EXPENDITURE 2021/22 (£m)



Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £257 million (2020/21: £168 million).

At year-end, a total of £216 million (2020/21: £216 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £205 million (2020/21: £211 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £216 million of Lottery grant commitments are known to be spread over a two-year period from 1 April 2022 to 31 March 2024.

Actual proceeds from the National Lottery received in 2021/22 were £253 million. This was the same as the £253 million received in 2020/21.

Our Lottery balance policy states that we should maintain a cash reserve of at least £25 million in each year over the period to March 2025. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible as the sector recovers from the pandemic.

Our Lottery balance exceeds this amount at year end due to the need to hold cash for grants with longer term cashflow requirements beyond 31 March 2022.

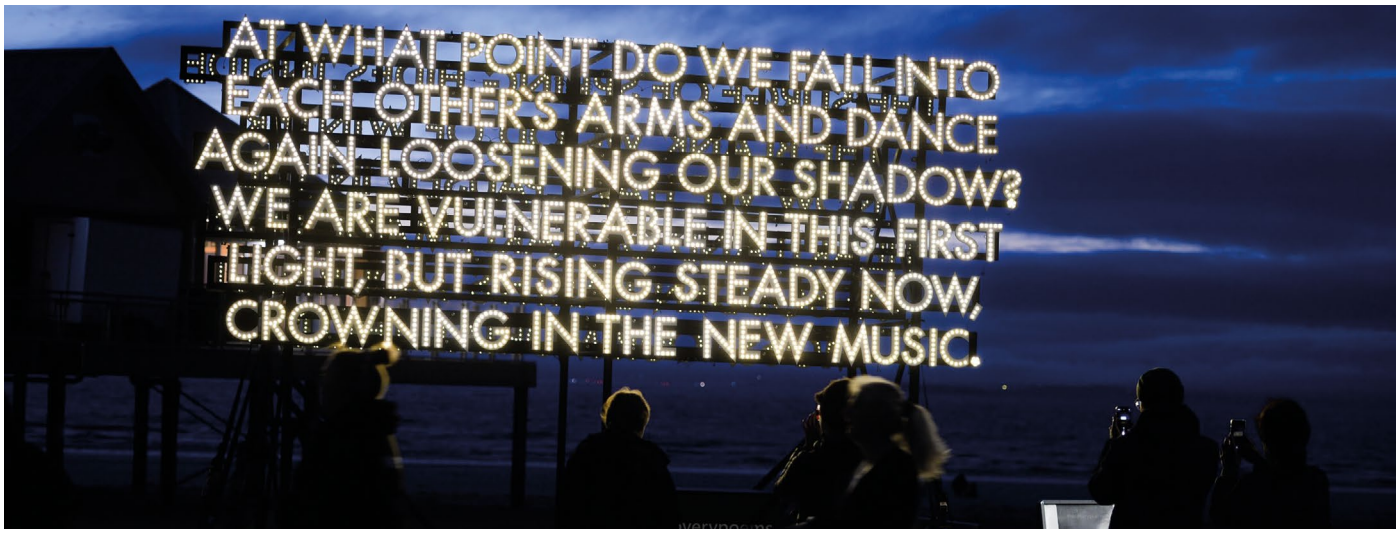
Further details of the activities and policies of Arts Council England are included in the National Lottery report 2021/22 (see pages 172 to 181).

Full details in relation to financial instruments are given in Note 19 of the notes to the Lottery distribution accounts.

Fees payable to the National Audit Office for Lottery external audit services during 2021/22 were £64,375 (2020/21: £63,210).

CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Digital, Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2021/22 and 2020/21 financial years.



	2021/22 £000s	2020/21 £000s
INCOME		
Grant-in-Aid income	**686,801**	1,230,475
Share of the National Lottery Distribution Fund	**252,290**	253,130
Investment returns on the Distribution Fund	**357**	148
Other income	**2,397**	4,753
Total income	**941,845**	1,488,506
EXPENDITURE		
Net Grant-in-Aid grant commitments	**658,186**	1,219,363
Other Grant-in-Aid arts expenditure	**4,735**	3,372
Net Lottery grant commitments	**248,454**	158,888
Lottery invoiced arts expenditure	**453**	1,192
Support costs	**40,822**	36,800
Total expenditure	**952,650**	1,419,615
Net gains/(losses) on investments	**53**	55
Net income/(expenditure)	**(10,752)**	68,946
Gain on revaluation of heritage assets	**–**	–
Actuarial gains/(losses) on defined benefit pension schemes	**941**	1,393
	941	1,393
Net movement in funds	**(9,811)**	70,339
Consolidated reserves brought forward	**13,139**	(57,200)
Consolidated reserves carried forward	**3,328**	13,139

Administration costs are 4.24 per cent of income (2020/21: 2.38 per cent, an exceptionally low figure due to the Culture Recovery Fund). Grant-in-Aid administration (excluding one-off IT costs) totalled £24.57 million, which is 3.52 per cent of income (2021/22: 1.49 per cent). Lottery administration (excluding one-off IT costs) totalled £15.91 million, which is 6.19 per cent of income (2020/21: 6.71 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

PLANS FOR THE FUTURE

Let's Create, our strategy for the next 10 years, describes our vision that, by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we will publish a series of Delivery Plans over the next decade. These will set out in more detail the steps we will take to deliver Let's Create and how we will resource them. The first Delivery Plan covering 2021-24 was published in September 2021 and will be updated annually.

Our five themes for this Delivery Plan have arisen out of our conversations with the Government and those working in the cultural sector over the course of the last year, and they are designed to focus on those areas viewed as being in most pressing need of attention and investment if we are to successfully navigate the new, post-pandemic landscape. The themes are:

1. A "fit for the future" cultural sector
2. Supporting individuals
3. Strengthening our place-based approach and contributing to levelling up
4. Working internationally
5. How the Arts Council will change

The delivery plan also includes an impact framework which sets out the measures we will use over the lifetime of *Let's Create* to assess progress towards our three long-term Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country.

The Framework also sets out the measures we will use to demonstrate progress on each of the five Themes in this Delivery Plan and how our delivery against these Themes contributes to the long-term changes set out in *Let's Create*.

STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under both the Charities Act 2011 and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Board of Trustees and the Accounting Officer are required to prepare statements of accounts for the Lottery distribution and Grant-in-Aid activities for the financial period in the form and on the basis directed by the Secretary of State for Digital, Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of Arts Council England's state of affairs at the year end and of its income, expenditure and cash flows for the financial year.

The Grant-in-Aid accounts are prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are prepared in line with the Government Financial Reporting Manual. The Trustees and Accounting Officer in producing both sets of accounts are also required to:

- observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements;
- apply suitable accounting policies on a consistent basis, and make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice (Grant-in-Aid accounts) or Government Financial Reporting Manual (Lottery distribution accounts) have been followed, and disclose and explain any material departures from the prescribed accounting frameworks in the respective financial statements
- be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The Accounting Officer and Trustees confirm that, as far as they are aware, there is no relevant audit information of which the entity's auditors are unaware, and the Trustees and Accounting Officer have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

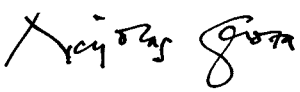
The Trustees and Accounting Officer confirm that, as far as they are aware, the annual report and accounts as a whole are fair, balanced and understandable and they take responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's-length bodies are set out in chapter three of Managing Public Money. Formally the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, 21 Bloomsbury Street, London, WC1B 3HF.

Dr Darren Henley CBE
Chief Executive
13 JULY 2022



Sir Nicholas Serota CH
Chair
13 JULY 2022

08.

Grant-in-Aid accounts

FAMILY HEALTH GUIDE
THESAURUS
THOMAS HARRIS
HANNIBAL
NOTES ON LIFE & LETTERS
ROMA
TOM DALEY
BRYSON
Christina Noble

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE TRUSTEES OF THE ARTS COUNCIL ENGLAND AND THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of the Arts Council England (Grant-in-Aid accounts) for the year ended 31 March 2022.

The financial statements comprise: the Arts Council England's (Grant-in-Aid accounts):

- Balance sheet as at 31 March 2022;
- Statement of Financial Activities and Cash Flow Statement; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's (Grant-in-Aid accounts) affairs as at 31 March 2022 and its total income before other recognised gains and losses for the year then ended;
- have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder.
- have been properly prepared in accordance with the Charities Act 2011.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements (Grant-in-Aid accounts) is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises information included in the Trustees Annual Report but does not include either the Grant in Aid or the Lottery Distribution financial statements nor my auditor's certificate and reports. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Royal Charter; and
- the information given in the Accountability Report and Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- information given in the Performance Report and Accountability Report is consistent with the financial statements and with information obtained during the course of my audit; or
- certain disclosures of remuneration specified by the Secretary of State direction under the Royal Charter, and the Charities Act 2011 have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees' and Chief Executive's Responsibilities, the Trustees and the Chief Executive Officer acting as Accounting Officer are responsible for:

- maintaining proper accounting records;
- the preparation of the Grant in Aid's financial statements and Trustees Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit the financial statements in accordance with the applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Arts Council England's (Grant-in-Aid accounts) accounting policies.
- Inquiring of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

including the Arts Council England's controls relating to the Arts Council England's compliance with the Royal Charter, The Charities Act 2011, and Managing Public Money;

— discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Arts Council England's (Grant-in-Aid accounts) framework of authority as well as other legal and regulatory frameworks in which the Arts Council England operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included, the Royal Charter, The Charities Act 2011, employment legislation and Managing Public Money.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

— reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— enquiring of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— reading and reviewing minutes of meetings of those charged with governance and the National Council and internal audit reports; and

— in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies
Comptroller and Auditor General

14 JULY 2022

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2022

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2021/22 £000s	TOTAL 2020/21 *RESTATED	TOTAL 2019/20 *RESTATED
INCOME AND ENDOWMENTS FROM:							
Donations and legacies	2a	**366,455**	**320,365**	**0**	**686,820**	1,230,625	492,133
Investments	2b	**0**	**0**	**11**	**11**	6	149
Charitable activities	3	**325**	**1,413**	**0**	**1,738**	2,953	736
Other: Lottery distribution accounts	4	**15,907**	**0**	**0**	**15,907**	17,425	18,821
Total income and endowments		**382,687**	**321,778**	**11**	**704,476**	1,251,009	511,839
EXPENDITURE ON:							
Charitable activities (including governance costs)	4	**366,342**	**321,494**	**0**	**687,836**	1,242,110	493,497
Other: Support costs attributable to Lottery distributions accounts	4	**15,907**	**0**	**0**	**15,907**	17,425	18,821
Total expenditure		**382,249**	**321,494**	**0**	**703,743**	1,259,535	512,318
Net gains/(losses) on investments	9	**0**	**0**	**53**	**53**	65	(70)
Total income/(expenditure) before exceptional items		**438**	**284**	**64**	**786**	(8,461)	(549)
Total income/(expenditure) before other recognised gains and losses		**438**	**284**	**64**	**786**	(8,461)	(549)
OTHER RECOGNISED GAINS/LOSSES							
Gain on revaluation of heritage assets	10	**0**	**0**	**0**	**0**	0	0
Actuarial gains/(losses) on defined benefit pension schemes	7	**941**	**0**	**0**	**941**	1,393	(1,948)
Net movement in funds	31	**1,379**	**284**	**64**	**1,727**	(7,068)	(2,497)
RECONCILIATION OF FUNDS							
Balance brought forward at 1 April		**11,729**	**728**	**683**	**13,140**	20,208	22,705
Total funds carried forward at 31 March		**13,108**	**1,012**	**747**	**14,867**	13,140	20,208

ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 97 TO 139 FORM PART OF THESE ACCOUNTS.

BALANCE SHEET AS AT 31 MARCH 2022

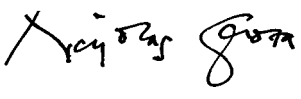
	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2022 £000s	TOTAL 31 MARCH 2021 *RESTATED £000s	TOTAL 1 APRIL 2020 *RESTATED £000s
FIXED ASSETS							
Tangible assets	10	**3,026**	**–**	**–**	**3,026**	3,407	2,967
Heritage assets – Works of art	10	**8,825**	**–**	**–**	**8,825**	8,525	8,179
Investments	9			**747**	**747**	683	539
Total fixed assets		**11,851**	**–**	**747**	**12,598**	12,615	11,685
CURRENT ASSETS							
Debtors	12	**0**	**104,388**	**–**	**104,388**	288,051	103,351
Due from Arts Council lottery accounts	11	**7,329**	**0**	**–**	**7,329**	1,488	3,042
Grants paid in advance	13	**–**	**–**	**–**	**0**	1,128	5,555
Cash and cash equivalents		**16,548**	**61,797**	**–**	**78,345**	188,236	14,389
Total current assets		**23,877**	**166,185**	**0**	**190,062**	478,903	126,337
LIABILITIES: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR							
Grants outstanding	14	**16,681**	**163,934**	**–**	**180,615**	470,021	106,107
Creditors	13	**5,182**	**1,239**	**–**	**6,421**	6,786	4,642
Total creditors: amounts falling within one year		**21,863**	**165,173**	**–**	**187,036**	476,807	110,749
Net current assets		**2,014**	**1,012**	**0**	**3,026**	2,096	15,588
Total assets less current liabilities		**13,865**	**1,012**	**747**	**15,624**	14,711	27,273
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
Provisions for liabilities and charges	16	**1,162**	**0**	**0**	**1,162**	1,067	3,091
Net assets excluding pension liability		**12,703**	**1,012**	**747**	**14,462**	13,644	24,182
Defined benefit pension scheme liability	7	**(405)**	**0**	**0**	**(405)**	504	3,974
Net assets including pension liability		**13,108**	**1,012**	**747**	**14,867**	13,140	20,208
THE FUNDS OF THE CHARITY							
Represented by income funds							
Unrestricted fund	17	**852**	**–**	**–**	**852**	301	11,846
Restricted fund	17	**–**	**1,012**	**–**	**1,012**	728	651
Represented by capital funds	17						
Endowment funds		**–**	**–**	**747**	**747**	683	539
Designated fund		**8,825**	**–**		**8,825**	8,525	8,179
Donated asset reserve			**0**	**–**	**0**	0	0
Capital reserve		**3,026**	**–**	**–**	**3,026**	3,407	2,967
Pension reserve	7	**405**	**–**	**–**	**405**	(504)	(3,974)
Total charity funds		13,108	**1,012**	**747**	**14,867**	**13,140**	20,208

*PRIOR PERIOD ADJUSTMENT

ARTS COUNCIL ENGLAND HAS RESTATED THE HERITAGE ASSET BALANCES AT 31 MARCH 2021 AND 31 MARCH 2020 BY A TOTAL OF £244,403,000. THE HERITAGE ASSET BALANCES AT 1 APRIL 2020 AND 31 MARCH 2021 HAVE BEEN DECREASED BY £241,755,000 AND £2,648,000 RESPECTIVELY.
A CORRESPONDING CUMULATIVE ADJUSTMENT HAS BEEN MADE TO THE UNRESTRICTED DESIGNATED RESERVE AND RESTRICTED DONATED ASSET RESERVE OF £238,847,000 AND £5,556,000 RESPECTIVELY.
THIS ADJUSTMENT WAS MADE TO REFLECT THE CHANGE IN ACCOUNTING POLICY ADOPTED IN RESPECT OF THE CARRYING VALUE OF HERITAGE ASSETS. SEE NOTES 10 AND 17 FOR MORE INFORMATION.

THE NOTES ON PAGES 97 TO 139 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
13 JULY 2022



Sir Nicholas Serota CH
Chair
13 JULY 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	NOTE	2021/22 £000s	2020/21 £000s
CASH FLOWS FROM OPERATING ACTIVITIES :			
Funds received from the Department for Digital, Culture, Media and Sport		**868,083**	1,048,602
Other cash receipts		**14,202**	19,256
Grants paid to arts organisations and other bodies		**(946,464)**	(851,023)
Cash paid to and on behalf of employees		**(31,680)**	(29,109)
Other cash payments		**(13,516)**	(12,327)
Net cash provided by/(used in) operating activities	18	**(109,375)**	175,399
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on short-term cash deposits		**0**	0
Dividends received		**11**	6
Purchase of tangible fixed assets		**(517)**	(1,470)
Sale of tangible fixed assets		**0**	0
Net cash provided by/(used in) investing activities		**(506)**	(1,464)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Endowment Income/(Investments)		**(11)**	(88)
Net cash provided by/(used in) financing activities		**(11)**	(88)
Change in cash and cash equivalents in the reporting period	19/18	**(109,892)**	173,847
Cash and cash equivalents at the beginning of the reporting period		**188,236**	14,389
Change in cash and cash equivalents due to exchange rate movements		**0**	0
Cash and cash equivalents at the end of the reporting period		**78,344**	188,236

THE NOTES ON PAGES 97 TO 139 FORM PART OF THESE ACCOUNTS.

NOTES TO THE GRANT-IN-AID ACCOUNTS

1a. BASIS OF ACCOUNTS

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport in May 2002. The accounts are presented in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP).

The accounts are prepared on a going concern basis and a historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2020/21, the values of fixed assets expressed in current cost terms are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet.

Arts Council England no longer owns any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 85.

1b. INCOME

Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS) is taken to the Statement of Financial Activities in the year to which it relates. All other income is accounted for once entitlement is probable.

1c. EXPENDITURE

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in Note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. In this respect, we have not been able to comply with paragraph 7.19 of the SORP issued by the Charity Commission in 2019. The Trustees do not believe this would provide a true and fair view of Arts Council England's resources. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Expenditure classified as activities undertaken directly relates to expenditure supporting the arts other than grants. This includes the cost of delivering major arts policies and projects. Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Governance costs comprise an apportionment of general administration expenditure based on an estimate of staff time and direct costs such as the cost of administering National Council and external and internal audit.

1d. DEPRECIATION AND FIXED ASSETS

Tangible fixed assets excluding heritage assets

Depreciation is provided on all tangible fixed assets (excluding freehold land) at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- freehold buildings: 50 years
- leasehold buildings: life of the lease
- fixtures and fittings: five years
- motor vehicles: five years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Except for heritage assets, all individual assets valued greater than £2,000 are capitalised. There is no *de minimis* limit for heritage assets.

Heritage assets

Arts Council England is guardian and trustee over one collection of heritage assets which is held in furtherance of our mission to champion, develop and invest in artistic and cultural experiences that enrich people's lives. The collection is accounted for as follows:

Works of Art Collection

The Works of Art Collection is accounted for at historic cost following a retrospective change to provide a more appropriate and relevant valuation for the works. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are recorded at cost and donations are recorded with a nil value to represent the financial investment in the works.

The prior year Annual Accounts have been restated to remove the accumulated revaluation gains relating to the Collection so that it is stated at Historic Cost. This has been done by using our records to determine what the original cost of each asset is.

1e. LEASES

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease. Lease incentives (eg rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

1f. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1g. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

All employers are legally required to enrol their staff onto a workplace pension scheme. As such we now also provide a defined contribution scheme for staff who

are automatically enrolled (via The People's Pension) if they choose not to join the Arts Council Retirement Plan.

1h. APPORTIONED COSTS

Arts Council England incurs administration costs that relate to activities funded from Grant-in-Aid and the National Lottery Distribution Fund. We are required to apportion these costs between the two areas on a full cost basis in accordance with good accounting practice.

In accordance with the Charities SORP we have apportioned administration costs between our different activities. We have recharged both pay and non-pay expenditure using staff time as a basis for calculating the apportionment. The notes to the statement of financial activities will show the costs apportioned to Arts Council England Lottery distribution accounts where appropriate.

1i. CHANGE IN ACCOUNTING POLICY

During 2021/22 a decision was made to restate the value of the Works of Art Council Collection at Historic Cost rather than current cost. The reason for this is set out in paragraph 1(d) above. As a result of this decision a retrospective change was carried out and the opening values of Heritage Assets were restated at cost rather than market value. As a result of this decision the prior year values on the SoFA, Balance Sheet, and relevant Notes to the Accounts were amended to reflect the restatement.

For organisations which prepare their accounts under IFRS, a new accounting standard, IFRS16 (Leases), came into effect during 2019/20. As our Grant-in-Aid accounts are prepared under Charities SORP (FRS102) we do not have to comply with this Standard and are required to continue using IAS17 instead.

1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. There has been no impact on the accounts. Further information on our financial instruments is disclosed within Note 26.

1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

2 INCOME

2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2021/22 £000s	TOTAL 2020/21 £000s
DONATIONS AND LEGACIES					
CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL					
Core funding – revenue	**350,703**	**–**	**–**	**350,703**	347,936
Administration	**15,216**	**7,469**	**–**	**22,685**	18,647
Core capital	**518**	**–**	**–**	**518**	1,270
Ring-fenced funds	**–**	**312,896**	**–**	**312,896**	862,622
	366,437	**320,365**	**–**	**686,802**	1,230,475
OTHER DONATIONS AND LEGACIES					
Donations/bequests	**18**	**0**	**0**	**18**	150
Donations and legacies income	**366,455**	**320,365**	**0**	**686,820**	1,230,625

2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2021/22 £000s	TOTAL 2020/21 £000s
INVESTMENT INCOME					
Bank interest received	–	–	–	–	–
Dividend income	–	–	**11**	**11**	6
Investment income	–	–	**11**	**11**	6

3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2021/22 £000s	TOTAL 2020/21 £000s
GRANTS, SPONSORSHIPS AND DONATIONS RECEIVED				
Local authorities	**41**	**152**	**193**	17
Non-government bodies	**0**	**0**	**0**	34
Other central government bodies	**201**	**985**	**1,186**	2,850
Other grants, sponsorship and donations	**0**	**0**	**0**	10
Public corporations	**0**	**0**	**0**	12
Sundry	**83**	**276**	**359**	30
Net incoming/(outgoing) resources for the year	**325**	**1,413**	**1,738**	2,953

4. ANALYSIS OF EXPENDITURE

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2021/22 £000s	TOTAL 2020/21 £000s
National Portfolio Organisations	–	339,450	4,575	**344,025**	342,651
Arts Council National Lottery Project Grants	–	5,069	170	**5,240**	1,831
Development and investment funds	4,735	11,335	6,237	**22,307**	32,165
Music Education Hubs	–	76,256	2,019	**78,276**	79,492
Restricted – other	–	231,658	11,913	**243,571**	787,288
Lapsed and revoked commitments	–	(5,583)	–	**(5,583)**	(1,317)
	4,735	**658,185**	**24,914**	**687,836**	1,242,110

National Portfolio Organisations are those organisations of strategic importance with which the Arts Council has long-term, multi-year funding agreements. Development funding and activities are those specific projects funded by grants and direct arts expenditure. They provide essential leverage for national, regional and local partnerships, and act as investment in seed funding, research and development for the arts in England.

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 – £100,000 for arts, museums and libraries projects. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the hub. Hubs are coordinated by the hub lead organisation, which takes on responsibility for the funding and governance of the hub. The total amount of funding from the Department for Education in 2021/22 was £78.28 million (2020/21: £79.49 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These include £147 million in relation to the Culture Recovery Fund (2020/21 £695 million).

4b. ANALYSIS OF SUPPORT COSTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

	TOTAL SUPPORT COSTS 21/22 £000s	**LESS CHARGED TO LOTTERY £000s**	**TOTAL GRANT-IN-AID 2021/22 £000s**	TOTAL GRANT-IN-AID 2020/21 £000s
Staff costs	29,820	(11,493)	**18,327**	12,209
Indirect staff costs	980	(146)	**834**	856
Premises	2,253	(1,050)	**1,203**	1,048
Supplies and services	3,403	(1,641)	**1,762**	1,672
Travel and subsistence	233	(103)	**130**	19
Professional Fees	2,457	(758)	**1,699**	2,570
Central costs	573	(182)	**391**	350
Depreciation	598	0	**598**	693
Other recharges	0	(302)	**(302)**	(353)
IT project costs	504	(232)	**272**	311
	40,821	**(15,907)**	**24,914**	19,375
Corporate governance costs included above	–	–	**717**	629

4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2021/22 £000s	TOTAL 2020/21 £000s
National Portfolio Organisations	339,450	–	**339,450**	339,834
Arts Council National Lottery Project Grants	3,026	2,043	**5,069**	1,762
Development and investment funds	11,221	115	**11,335**	24,889
Music Education Hubs	76,256	–	**76,256**	78,260
Culture Recovery Funds	147,005	–	**147,005**	688,954
Restricted – other	84,653	–	**84,653**	86,981
Lapsed and revoked commitments	(5,583)	–	**(5,583)**	(1,317)
	656,028	**2,158**	**658,185**	1,219,363

A detailed breakdown of all grant commitments can be found at:
www.artscouncil.org.uk/governance/spending

5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2021/22 £000s	TOTAL 2020/21 £000s
STAFF COSTS COMPRISE					
Salaries and wages	23,451	4,101	8,837	**10,512**	8,067
Employer's National Insurance	2,400	403	897	**1,100**	982
Employer's pension contributions	4,310	725	1,610	**1,975**	1,742
Redundancy costs	8	0	6	**2**	22
Agency staff	1,543	1,245	143	**156**	75
	31,712	**6,474**	**11,493**	**13,745**	10,888

Total salary costs were higher this year mainly due to pension fund adjustments which occurred during 2020/21. We received a lump sum payment from Staffordshire Pension Fund totalling approximately £1.6m which was credited to the SoFA. Both of these issues resulted in staff costs being higher than the last financial year.

The average number of full-time equivalent employees during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2021/22	2020/21
Direct delivery of programmes	12	0	**12**	13
Support and corporate governance	611	35	**646**	553
	623	**35**	**658**	566

The average number of employees (headcount) during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2021/22	2020/21
Direct delivery of programmes	13	0	**13**	14
Support and corporate governance	660	47	**707**	604
	673	**47**	**720**	618

5b. EMOLUMENTS BY BANDS

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

	PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	DEFINED BENEFIT	DEFINED CONTRIBUTION	NO PENSION	TOTAL 2021/22	TOTAL 2020/21
£60,000-£69,999	**11**	**2**	**0**	**13**	17
£70,000-£79,999	**7**	**1**	**0**	**8**	8
£80,000-£89,999	**9**	**0**	**0**	**9**	5
£90,000-£99,999	**0**	**0**	**0**	**0**	0
£130,000-£139,999	**0**	**0**	**0**	**0**	1
£190,000-£199,999	**0**	**0**	**0**	**0**	0
				30	**31**

6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2021/22, the total cost of tickets purchased for this purpose was £245. (2020/21: £0). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in Note 8.

7. PENSIONS

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

WEST YORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 294,000 members in 451 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2022, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires Arts Council England and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2022	31 MARCH 2021	31 MARCH 2020
Discount rate	**2.8%**	**2.1%**	2.0%
CPI inflation	**3.1%**	**2.7%**	2.0%
Rate of increase to pensions in payment	**3.1%**	**2.7%**	2.0%
Rate of increase to deferred pensions	**3.1%**	**2.7%**	2.0%
Rate of general increase in salaries	**4.35%**	**3.95%**	3.25%

ASSET ALLOCATION

	VALUE AT 31 MARCH 2022 %	VALUE AT 31 MARCH 2021 %
Equities	**80.1%**	78.9%
Property	**4.0%**	4.0%
Government bonds	**7.7%**	9.0%
Corporate bonds	**4.5%**	4.8%
Cash	**2.6%**	1.3%
Other	**1.1%**	2.0%
Total	**100%**	100%

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2022 £millions	VALUE AS AT 31 MARCH 2021 £millions	VALUE AS AT 31 MARCH 2020 £millions
Fair value of assets	**48.453**	45.364	36.273
Present value of funded liabilities	**42.979**	45.868	40.247
Unrecognised asset	**(5.069)**		
Pension liability recognised on the balance sheet	**0.405**	(0.504)	(3.974)

AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2022 £millions	PERIOD ENDING 31 MARCH 2021 £millions
OPERATING COST:		
Current service cost	**0.164**	0.131
Past service cost	**0.000**	0.000
FINANCING COST:		
Interest on net defined benefit liability/(asset)	**0.009**	0.084
Pension expense recognised in other comprehensive income	**0.173**	0.215

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2022 £millions	PERIOD ENDING 31 MARCH 2021 £millions
Asset gains/(losses) arising during the period	**3.372**	7.309
Liability gains/(losses) arising during the period	**2.638**	(5.916)
Adjustment in respect of paragraph 28.22 FRS102	**(5,069)**	
Total amount recognised in other comprehensive income	**0.941**	1.393

CHANGES TO THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2022 £millions	PERIOD ENDING 31 MARCH 2021 £millions
Opening defined benefit obligation	**45.868**	40.247
Current service cost	**0.164**	0.131
Past service cost	**0.000**	0.000
Interest expense on defined benefit obligation	**0.949**	0.910
Contributions by participants	**0.030**	0.030
Actuarial (gains)/losses on liabilities	**(2.638)**	5.916
Net benefits paid out	**(1.394)**	(1.366)
Closing defined benefit obligation	**42.979**	45.868

CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2022 £millions	PERIOD ENDING 31 MARCH 2021 £millions
Opening fair value of assets	**45.364**	36.273
Interest income on assets	**0.940**	0.826
Remeasurement gains/(losses) on assets	**3.372**	7.309
Contributions by the employer*	**0.141**	0.646
Contributions by participants	**0.030**	0.030
Net benefits paid out**	**(1.394)**	(1.366)
Net increase in assets from disposals/acquisitions***	**0.000**	1.646
Closing fair value of assets	**48.453**	45.364

* FOR 2020/21 THIS INCLUDES AN ADDITIONAL £500,000 LUMP SUM DEFICIT REDUCTION PAYMENT INTO THE FUND BY THE EMPLOYER.

** CONSISTS OF NET BENEFITS CASH FLOW OUT OF THE FUND IN RESPECT OF THE EMPLOYER, INCLUDING AN APPROXIMATE ALLOWANCE FOR THE EXPECTED COST OF DEATH IN SERVICE LUMP SUMS.

*** IN 2020/21 A PAYMENT OF £1,645,943 WAS RECEIVED FROM STAFFORDSHIRE PENSION FUND IN RELATION TO 13 MEMBERS OF STAFF WHO TRANSFERRED TO ARTS COUNCIL ENGLAND FROM THE REGIONAL ARTS BOARD.

ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2022 £millions	PERIOD ENDING 31 MARCH 2021 £millions
Interest income of assets	**0.940**	0.826
Gain/(loss) on assets	**3.372**	**7.309**
Total amount recognised in other comprehensive income	**4.312**	8.135

The 2022 valuation results included the transferred liabilities for 49 active members who transferred from the former Arts Boards. At the beginning of the year transfer payments were still outstanding from Surrey (11 members) Discussions with Surrey Pension Fund regarding this payment are ongoing.

Amounts due to the West Yorkshire Pension Fund at 31 March 2022 were £14,310 (31 March 2021: £16,435).

ARTS COUNCIL RETIREMENT PLAN (1994)

The scheme is a defined benefit scheme. Other employers contributing to the scheme are the Arts Council of Wales, Creative Scotland, the Crafts Council and Tŷ Cerdd – Music Centre Wales. Because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102). The actuaries of the fund are Hymans Robertson.

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2022 was £230.6 million (2021: £213.7 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2019, the actuarial value of the assets using the projected unit method was sufficient to cover 89 per cent of the value accrued to members, a deficit of £21,700,000. On the advice of the actuary, with effect from 1 April 2020, we are paying employer's contributions of 19.9 per cent of pensionable salary for Arts Council England employees and 27.2 per cent of pensionable salary for employees who transferred to Arts Council England from Museums, Libraries and Archives.

The main long-term assumptions used for the actuarial valuation were as follows:

Consumer prices inflation rate	Bank of England RPI curve, less 1.0% pa
Long-term rate of pay increases	In line with CPI inflation
Rate of pension increases	In line with CPI inflation
Discount rate (past service)	Bank of England gilt yield curve, plus 1.25% pa
Discount rate (future service)	Bank of England gilt yield curve, plus 1.60%

Arts Council England is a participating employer in the Arts Council Retirement Plan (1994) together with four other separate organisations. There is no legal separation of the Plan's assets or liabilities and as such there is a certain amount of inevitable cross subsidy between participating employers depending on the experience of their own members. Under the Plan's rules there is also no requirement or discretion to segregate the assets of the scheme in the event of the cessation of a participating employer. As such it is a "last man standing" arrangement and the remaining employers would become liable for meeting the pension obligations of other participating employers who cease participation.

Amounts due to the fund at 31 March 2022 were £469,822 (31 March 2021: £432,674).

THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation.

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2021/22 were £4,078,935 (2020/21: £5,383,191, including a lump sum deficit reduction payment of £1,803,500). Employer contributions to The People's Pension were £104,978 (2020/21: £96,587).

8. NET EXPENDITURE FOR THE YEAR

Net income of £8,840,632 (2020/21: £8,470,061 expenditure) is stated after charging:

	TOTAL 2021/22 £000s	TOTAL 2020/21 £000s
Auditors' remuneration	**83**	80
Operating leases	**2,354**	2,119
Council members' travel, subsistence and hospitality for the 15 serving members during the year	**6**	6
Insurance: trustees' and senior officers' indemnity	**14**	7
Depreciation	**598**	692
Impairment	**0**	10

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT.

9. LEGACY BEQUESTS

Arts Council England is the beneficiary of two legacies; the Compton Poetry Fund and the Thornton Fund. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. Both legacies consist of a mixture of stocks/shares and cash; the Compton Poetry Fund consists of £377,000 in shares and £52,000 cash, the Thornton fund consists of £73,000 in shares and £64,000 cash. Both legacies were incorporated into Arts Council England's accounts during 2013/14; the values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

In 2019/20 the Arts Council received a bequest from the Estate of Eileen McCann. The value of this is currently £117,000 and consists entirely of cash. There are three other legacies with a total value of £64,000.

	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2021	375	128	117	64	**684**
Income received in-year	7	4	–	–	**11**
Gains/(losses) on investments	48	5	–	–	**53**
Expenditure	–	–	–	–	**0**
Closing balance – 31 March 2022	**430**	**137**	**117**	**64**	**748**

REPRESENTED BY:	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Cash	52	64	117	64	**297**
Investments	377	73	–	–	**450**
Closing balance – 31 March 2021	**429**	**137**	**117**	**64**	**747**

10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	FREEHOLD LAND AND BUILDINGS £000s	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART 21/22 RESTATED £000s	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2021	0	9,783	4,586	**14,367**	8,525	**22,893**
Additions	0	174	43	**217**	300	**517**
Revaluations	0	0	0	**0**	0	**0**
Less: disposals	0	0	0	**0**	0	**0**
Cost or valuation at 31 March 2022	0	9,957	4,629	**14,586**	8,825	**23,410**
Depreciation at 1 April 2021	0	6,908	4,054	**10,962**	0	**10,962**
Less depreciation on disposals	0	0	0	**0**	0	**0**
Impairment	0	0	0	**0**	0	**0**
Provided for 2021/22	0	368	230	**598**	0	**598**
Depreciation at 31 March 2022	0	7,276	4,284	**11,560**	0	**11,560**
Net book value at 31 March 2022	0	2,681	345	**3,026**	8,825	**11,850**
Net book value at 31 March 2021	0	2,874	532	**3,406**	8,525	**11,931**

	FREEHOLD LAND AND BUILDINGS £000s	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	**TOTAL TANGIBLE ASSETS £000s**	HERITAGE ASSETS: WORKS OF ART 20/21 £000s	**TOTAL FIXED ASSETS £000s**
Cost or valuation at 1 April 2020	0	8,738	4,497	**13,235**	8,179	**21,414**
Additions	0	1,044	89	**1,133**	346	**1,479**
Revaluations	0	0	0	**0**	0	**0**
Less: disposals	0	0	0	**0**	0	**0**
Cost or valuation at 31 March 2021 (*restated)	0	9,782	4,586	**14,368**	8,525	**22,893**
Depreciation at 1 April 2020	0	6,526	3,743	**10,269**	0	**10,269**
Less depreciation on disposals	0	0	0	**0**	0	**0**
Impairment	0	0	0	**0**	0	**0**
Provided for 2020/21	0	381	311	**692**	0	**692**
Depreciation at 31 March 2021	0	6,908	4,054	**10,962**	0	**10,962**
Net book value at 31 March 2021 (*restated)	0	2,874	532	**3,406**	8,525	**11,931**
Net book value at 31 March 2020 (*restated)	0	2,212	754	**2,966**	8,179	**11,145**

*PRIOR PERIOD ADJUSTMENT

ARTS COUNCIL ENGLAND HAS RESTATED THE FOLLOWING HERITAGE ASSET BALANCES:

OPENING VALUATION BALANCE ON 1 APRIL 2020 PREVIOUSLY REPORTED AT £241,012,000 HAS BEEN DECREASED BY £232,833,000.

CLOSING BALANCE AT 31 MARCH 2021 PREVIOUSLY REPORTED AT £249,943,000 HAS BEEN DECREASED BY £241,418,000.

A CORRESPONDING CUMULATIVE ADJUSTMENT HAS BEEN MADE TO THE UNRESTRICTED DESIGNATED RESERVE AND RESTRICTED DONATED ASSET RESERVE OF £238,847,000 AND £5,556,000 RESPECTIVELY.

THIS ADJUSTMENT WAS MADE TO REFLECT THE CHANGE IN ACCOUNTING POLICY TO VALUE ASSETS AT HISTORIC COST, RATHER THAN FAIR VALUE.

WORKS OF ART – ARTS COUNCIL COLLECTION

Unlike our other fixed assets there is no *de minimis* capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000.

The Works of Art Council Collection has been built up since 1946 and consists of 8103 items at 31 March 2022. The purpose of the collection is to broaden the appreciation and public awareness of modern and contemporary British Art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on our behalf by the Southbank Centre.

Valuation

We have taken the decision to retrospectively change the method of valuing the Arts Council Collection. The Works of Art Collection is now held at historic cost following a retrospective change to provide a more appropriate and relevant valuation for the works.

Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and this is provided to the auditors for review.

Reason for the change in accounting policy

Having considered the merits of both historic cost and fair value, it is the Arts Council's view that cost provides better information because it is a clear and accurate reflection of the resources we have used. It does not suggest we have greater resources available to us than we have and it does not distract attention away from information about our core activity of giving and receiving grants.

As at 31st March 2021 the total value of Funds on the Arts Council's Balance Sheet was £251m. Of this amount the value of the Collection represents £247m, which can be broken down into the original cost of acquisition (£8.5m) and revaluation (£238.5m). The revaluation gains made by the Collection distort the true financial position of the Arts Council, since our policy means that these gains cannot be crystallised.

The Arts Council Collection is not held for its market value, nor sold on the market. The nature of the Arts Council Collection and how it is used means that, in the view of the Arts Council, market valuations are not meaningful for users of the accounts. Moreover, the collection is ancillary to ACE's core activity of giving and receiving grants. ACE's grants activity is the primary focus for us and our stakeholders. When reviewing our accounting policy Arts Council England took into consideration the approach taken by DCMS and their other Arm's Length Bodies, the majority of whom value their heritage assets at cost.

Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising six individuals who are the Director, Arts Council Collection, Director of Visual Arts, Arts Council England, Director, Hayward Gallery, plus external advisers who are usually an artist, a writer and a curator. The committee is currently chaired by a member of the Arts Council's National Council. The external advisors to the committee are appointed for a fixed two-year tenure. Additionally, a representative from each of the Arts Council Collection's National Partner galleries sits for one year on a rotating basis. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to

demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England budget.

Any offers of gifts to the Arts Council Collection are brought to the attention of the Acquisitions Committee which decides on their suitability. The procedure for the loss or destruction of works of art is implemented if an item is irretrievably lost or damaged beyond repair. This requires the Director of the Arts Council Collection to report details to the Director of the Hayward Gallery (in cases of vandalism or theft), and the Director, Visual Arts, of Arts Council England who then seeks approval from the Arts Council England National Council to write off the item. The write-off in accounting records is implemented by the Director of Finance of Arts Council England who takes into account any insurance claims. Funds claimed in this way are paid into the Arts Council Collection acquisition allocation and earmarked to replace the lost items depending on the advice of the current purchasers. If it is not possible to replace a work because the artist is deceased, there are no suitable replacements or equivalent works have become too expensive, the funds are transferred into the acquisition fund.

Preservation

The condition of the works is checked on receipt, before going out on loan and on return from loan. Master condition files are maintained and kept at Winchester House and Longside (for sculpture) and copies of the latest version are made when loans go out. Normally, required restoration is carried out by fully accredited conservators, either at their studios or at Longside or Winchester House. Any unfitting of frames or restoration carried out away from Winchester House or Longside must be authorised by the Director of the Arts Council Collection or a Collection Curator. Artists are consulted and involved in restoration when possible and practical. Each year a number of works on paper, photographs, paintings and sculpture are conserved as a matter of course.

All conservation is reported annually to the Arts Council England National Council in the form of the Collection's annual report on activities.

Collection management

The Director of the Arts Council Collection reports to the Director of the Hayward Gallery on day-to-day matters and is responsible to the Director, Visual Arts, at Arts Council England on policy. Arts Council Collection staff salaries are paid by the Southbank Centre from the management grant from Arts Council England to the Southbank Centre. A ring-fenced fund within the Southbank Centre and Arts Council England covers the operational costs of the Arts Council Collection's activities.

Access

Public access to the works of art is achieved through collaboration and a broad range of programming that includes Arts Council Collection touring exhibitions, the National Partners Programme (2019-22), pilot projects and an extensive lending programme of artwork that is lent to institutions and galleries, both at home and abroad. It also lends work to public institutions such as universities, libraries, hospitals and schools.

PARTNERSHIPS

The National Partners Programme, launched in 2016, is a three-year programme which allows three galleries in England to curate exhibitions drawn directly from the Arts Council Collection. Some of these exhibitions will be organised between the partners to encourage collaborative working and sharing of resources. The National Partners Programme is supported by outreach and digital activities with the specific aims of engaging children and young people, Black and minority ethnic people, people from lower socio-economic backgrounds and the over-75s. The four regional partners for 2016-19 were Birmingham Museums Trust, The Towner Eastbourne, Walker Art Gallery Liverpool, and existing partner Yorkshire Sculpture Park. The partners for 2019-22 are Firstsite Colchester, Newlyn Art Gallery, Penzance and Sunderland Culture.

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections, through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project Transforming Collections: Re-Imaging Art, Nation and Heritage".

The Arts Council Works of Art Collection heritage assets are reported at valuation in the table below:

	2021/22 £000s	2020/21 RESTATED £000s	2019/20 RESTATED £000s	2018/19 RESTATED £000s	2017/18 RESTATED £000s
Cost or valuation at 1 April	**8,525**	8,179	7,941	7,688	7,310
Additions	**300**	346	238	301	358
Donations	**0**	0	0	0	0
Revaluations	**0**	0	0	0	0
Less: impairment	**0**	0	0	0	0
Less: disposal	**0**	0	0	(28)	0
Cost or valuation at 31 March	**8,825**	8,525	8,179	7,941	7,688

WITH EFFECT FROM 1 APRIL 2021, THE HERITAGE ASSETS ARE REPORTED AT COST RATHER THAN MARKET VALUE.

11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2022, £7,329,267 was owed by Lottery to Grant-in-Aid (2021/22: £1,488,000).

12. DEBTORS

	31 MARCH 2022 £000s	31 MARCH 2021 £000s
Trade debtors	**115**	2,622
DCMS debtors	**102,653**	283,936
Other debtors	**586**	371
Prepayments and accrued income	**1,034**	1,122
	104,388	288,051

13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. No payments in advance were made during 2021/22 (2020/21: £1,127,748).

14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2018/19. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2022 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	31 MARCH 2022 £000s	31 MARCH 2021 £000s
2021/22	–	417,182
2022/23	**431,499**	–
	431,499	417,182

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	31 MARCH 2022 £000s	31 MARCH 2021 £000s
Trade creditors	**3,264**	3,598
Other creditors including taxes and social security	**236**	519
Accruals	**1,901**	1,942
Deferred income	**1,020**	727
	6,421	6,786

16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	TOTAL £000s
At 31 March 2021	1,059	7	**1,066**
Arising during the year	96	5	**101**
Used during the year	0	(5)	(5)
Reversed unused	0	0	**0**
At 31 March 2022	**1,155**	**7**	**1,162**
EXPECTED TIMING OF CASH FLOWS			
Provisions due within one year		7	**7**
Provisions due in more than one year	1,155	0	**1,155**

DESCRIPTION OF PROVISIONS

a) *Dilapidations*

Provision for dilapidations for leased premises (to cover the costs of any necessary reinstatement and repairs to the property at the termination of the lease).

b) *Tax*

Provision for payroll taxes owed to HMRC for any expenses and benefits paid to employees where tax has not been deducted at source.

17. RECONCILIATION OF MOVEMENT IN FUNDS (RESTATED)

	AT 31 MARCH 2021 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2022 £000s
Endowment funds	683	**11**	**0**	**53**	**0**	**747**
Restricted funds	728	**321,778**	**(321,494)**		**0**	**1,012**
Unrestricted income funds	301	**382,168**	**(381,651)**	**33**	**1**	**852**
CAPITAL FUNDS						
Designated funds	8,525	**300**	**0**	**0**	**0**	**8,825**
Capital reserve	3,408	**218**	**(598)**	**0**	**(1)**	**3,026**
Pension reserve	(504)	**0**	**0**	**909**	**0**	**405**
	13,140	**704,475**	**(703,743)**	**995**	**0**	**14,867**

	AT 1 APRIL 2020 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2021 *RESTATED £000s
Endowment funds	539	**79**	**0**	**65**	**0**	**683**
Restricted funds	651	**868,491**	**(868,414)**		**0**	**728**
Unrestricted income funds	11,846	**380,824**	**(389,641)**	**(2,077)**	**(651)**	**301**
CAPITAL FUNDS						
Designated funds	8,179	**346**	**0**	**0**	**0**	**8,525**
Capital Reserve	2,967	**1,269**	**(1,480)**	**0**	**651**	**3,407**
Pension reserve	(3,974)	**0**	**0**	**3470**	**0**	**(504)**
	20,208	**1,251,009**	**(1,259,535)**	**1,458**	**0**	**13,140**

*PRIOR PERIOD ADJUSTMENT

ARTS COUNCIL ENGLAND HAS RESTATED THE HERITAGE ASSET RESERVES OPENING BALANCE ON 1 APRIL 2020 TO INCLUDE A PRIOR YEAR VALUATION DECREASE OF £241,766,000. THE UNRESTRICTED REVALUATION RESERVE AND RESTRICTED DONATED ASSET RESERVE HAVE DECREASED BY £236,295,000 AND £5,471,000 RESPECTIVELY. SEE NOTE 10 FOR MORE INFORMATION.

DESCRIPTION OF FUNDS

Endowment funds

Arts Council England is the beneficiary of various legacies including the Compton Poetry Fund, the McCann Fund, and the Thornton Fund.

Restricted funds

The Arts Council receives specific ring-fenced Grant-in-Aid as well as grants, sponsorship and donations from various other sources for specific activities. Any such income and associated expenditure is identified separately.

Unrestricted income funds

Grant-in-Aid is received from the Department for Digital, Culture, Media and Sport (DCMS). This is the Arts Council's main source of income and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council. Use of these funds in subsequent years is restricted by the Government's budgetary controls.

Capital funds

a) *Designated funds*

This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

b) *Capital reserve*

The capital reserve represents the balance of tangible assets.

c) *Pension reserve*

The pension reserve reflects the movements in the West Yorkshire Pension Fund defined benefit scheme.

18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2021/2022 £000s	2020/2021 £000s
Net income/(expenditure)	**8,841**	(8,471)
Interest receivable	**(0)**	(0)
(Profit)/loss on disposal of fixed assets	**0**	0
Dividends received	**(11)**	(6)
Depreciation and impairment charges	**598**	693
(Gains)/losses on investments	**(53)**	(55)
Decrease/(increase) in debtors and prepayments	**169,766**	(183,146)
Decrease/(increase) in grants paid in advance	**1,128**	4,427
Increase/(decrease) in grants outstanding	**(289,405)**	363,913
(Decrease)/increase in creditors	**(365)**	2,144
(Decrease)/increase in provisions	**95**	(2,023)
(Decrease)/increase in defined benefit liability	**32**	(2,078)
Net cash provided by/(used in) operating activities	**(109,374)**	175,398

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2021/2022 £000s	2020/2021 £000s
(Decrease)/increase in cash and cash equivalents in the year	**(109,890)**	173,847
Cash at 1 April 2021	**188,236**	14,389
Cash at 31 March 2022	**78,346**	188,236

20. ANALYSIS OF NET CASH

	1 APRIL 2021 £000s	CASH FLOW £000s	**31 MARCH 2022 £000s**
Cash in hand	188,236	(109,890)	**78,346**

21. LEASES

At 31 March 2022, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	**31 MARCH 2022 £000s**	31 MARCH 2021 £000s
within one year	**1,810**	1,774
within two and five years inclusive	**3,345**	2,728
over five years	**326**	265
	5,481	4,767

THE LEASES RELATE PRIMARILY TO THE NINE OFFICES THAT ARE OCCUPIED BY ARTS COUNCIL ENGLAND.

22. SOUTHBANK CENTRE LEASE

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the Southbank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

23. ROYAL NATIONAL THEATRE LEASE

The Arts Council owns the freehold of the Royal National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

24. CAPITAL COMMITMENTS

As at 31 March 2022, the total value of capital commitments was £nil (2020/21: £nil).

25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. One loss was incurred and one special payment was made during 2021/22.

	2021/2022 £000s	2020/2021 £000s
Total value of losses and special payments	**3**	–
Total number of losses and special payments	**2**	–

26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department of Culture, Media and Sport (99.75 per cent) (2020/21: 99.76 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (97.72 per cent) (2020/21: 98.62 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of several legacies including the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £747,000 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Digital, Culture, Media and Sport (DCMS) in 2018.

In the past 12 months, 0.25 per cent of funding was received from sources other than DCMS and 0.00% was generated from cash balances. This means that 99.75 per cent of funding is sourced through cash drawn down and agreed monthly with DCMS, based on the predicted need for the month ahead.

26b. INTEREST RATE RISK

As an Arms-Length Body of the Department for Digital, Culture, Media and Sport, our bank accounts are with the Government Banking Service, which is operated by RBS NatWest. This means that surplus daily cash balances are offset against overall Government debt by HM Treasury, thereby reducing the amount of interest which is paid by the Government. However, this means that no credit interest is received by Arts Council England.

26c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2022 £000s	31 MARCH 2021 £000s
DCMS debtor	**102,653**	283,935
Trade debtors	**115**	2,622
Other debtors	**586**	372
Accrued income	**1,034**	1,122
Due from Arts Council Lottery accounts	**7,329**	1,488
Cash at bank and in hand	**78,345**	188,236
	190,062	477,775

In our view the book value of the assets is the same as the fair value.

26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2022 £000s	31 MARCH 2021 £000s
Grants outstanding	**180,615**	470,021
Trade creditors	**3,264**	3,598
Other creditors including taxes and social security	**236**	519
Accruals	**1,901**	1,942
Deferred income	**1,020**	727
	187,036	476,807

INCLUDED WITHIN THE FINANCIAL LIABILITIES ARE AMOUNTS SUCH AS GRANTS OUTSTANDING, TAX AND NATIONAL INSURANCE, AND DEFERRED INCOME. WHILE THESE LIABILITIES ARE NOT CONTRACTUAL, THEY HAVE BEEN DISCLOSED ABOVE IN THE INTERESTS OF COMPLETENESS.

27. RELATED PARTIES

27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	151	35		A New Direction London Limited	Tate Exchange organisation
	1,120	725		Arvon Foundation	Tate Exchange organisation
	447	36		CAST (Cornubian Arts and Science Trust)	Partner is Chair of the Trust
	123	–		Intoart	Tate Exchange organisation
	–	1		Ligeti Quartet	Niece is manager
	41	–		NMC Recordings Ltd.	Sister is trustee
	685	48		Studio Wayne McGregor Ltd	Tate Exchange organisation
Andrew Miller MBE	143	74		Arts Council of Wales	Board member
	207	166		Corby Cube Theatre Trust	Executive associate
	1,565	600		Coventry City of Culture Trust	Advisor/consultant
	2	–	26	DWP Debt Management	Ongoing. UK Government Disability Champion for Arts & Culture
	2	–		Cabinet Office	See above. Office for Disability Issues moved from the Department of Work and Pensions to the Cabinet Office
	575	–		Graeae Theatre Company Ltd	Advisor/consultant
	–	8		Jerwood Charitable Foundation	Advisor/consultant
	862	245		Northampton Theatres Trust	Executive associate
	15,260	–		Royal Shakespeare Company	Other/Governor
	382	40		Screen South	Advisor/consultant
	102	–		Tete a Tete	Advisor/consultant
	868	–		The Artangel Trust	Advisor/consultant
	25	27		The Clore Leadership Programme	Other / Conference Panellist
	–	5		TheSpace C.I.C.	Board member

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Andrew Miller MBE (continued)	8	–		The Stage Media Company Ltd	Employee
	169	–		Unlimited Theatre	Advisor/consultant
	–	28		Warwick District Council Arts Section	Other / Conference Panellist
Catherine Mallyon	–	144		City of Birmingham Symphony orchestra	Partner is a board member
	100	30		Creative Industries Federation	Board member
	30	–		Orchestra of the Swan	Advisory Council member
	15,260	–		Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	271	5		Shakespeare Birthplace Trust	Advisory Council member
Ciara Eastell OBE	175	–		Libraries Unlimited South West	Trustee and CEO (remunerated)
David Joseph CBE	181	–		Julie's Bicycle	Director/Trustee
Elisabeth Murdoch CBE	432	22		a-n The Artists Information Company	Freelands Foundation Organisation
	143	74		Arts Council of Wales	Freelands Foundation Organisation
	3,097	–		Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	957	–		Camden Arts Centre	Freelands Foundation Organisation
	447	36		CAST (Cornubian Arts and Science Trust)	Teresa Gleadowe, the founder of this organisation, sits on the advisory board of Freelands Foundation
	153	–		Create London	Freelands Foundation Organisation
	830	0		Firstsite Ltd	Freelands Foundation Organisation
	190	–		Focal Point Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	340	71		Hastings Contemporary	Freelands Foundation Organisation
	1,028	50		Ikon Gallery	Freelands Foundation Organisation
	233	–		Institute of International Visual Arts	Freelands Foundation Organisation
	613	–		John Hansard Gallery	Freelands Foundation Organisation
	296	–		Kettle's Yard	Freelands Foundation Organisation
	2,272	653		Leeds Museums and Galleries	Freelands Foundation Organisation
	390	7		MK Gallery	Freelands Foundation Organisation
	909	14		Modern Art Oxford	Freelands Foundation Organisation
	–	1		National Art Collections Fund	Freelands Foundation Organisation
	20	56		Nesta	Freelands Foundation Organisation
	879	1		New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	15		Nottingham Contemporary	Freelands Foundation Organisation
	94	–		Open School East	Freelands Foundation Organisation
	1,616	94		Sheffield Galleries & Museums Trust	Freelands Foundation Organisation
	320	–		Site Gallery	Freelands Foundation Organisation
	–	125		Somerset House Trust	Freelands Foundation Organisation
	826	–		South London Gallery	Freelands Foundation Organisation
	868	–		The Artangel Trust	Freelands Foundation Organisation
	923	15		The Hepworth Wakefield Trust	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	210	63		The Whitworth, University of Manchester	Freelands Foundation Organisation
	366	427		Towner Art Gallery	Freelands Foundation Organisation
	682	–		Turner Contemporary	Freelands Foundation Organisation
	249	68		University of the Arts London	Freelands Foundation Organisation
	480	–		Wysing Arts Centre	Freelands Foundation Organisation
	1,511	80		Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,442	42		Wiltshire Creative	Board member
Kate Willard OBE	1,012	–	880,507	Department for Culture, Media and Sport	Member of Independent Review of Destination Management Organisations
	–	50		RSA (The Royal Society for the Encouragement of Arts, Manufactures & Commerce)	Royal Society of Arts Fellow.
Michael Eakin	2,352	7		Royal Liverpool Philharmonic	Director — Remunerated
Paul Roberts OBE	151	35		A New Direction London Limited	Advisor/Consultant – Not remunerated
	61	56		Durham University	Commissioner for the ACE/Durham University Commission on Education and Creativity. Not remunerated
	1,024	15		Nottingham Contemporary	Board member – Not remunerated
	533	–		Nottingham Music Service	Board member and former Chair of the Board. Not remunerated.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Professor Roni Brown	1,827	–		Contemporary Dance Trust	There is a proposal for partnership between UAL, of which Professor Roni Brown is Deputy Vice-Chancellor, and the organisation
	–	6		Farnham Maltings Association	Partner is a director.
	233	–		Institute of International Visual Arts	Organisation is hosted at University of the Arts London
	682	–		Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
	249	68		University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
Ruth MacKenzie CBE	221	54		Improbable	Board member
	1,216	–		Serpentine Galleries	Board member
	–	125		Somerset House Trust	Partner in a project
Sukhy Johal MBE	879	1		New Art Exchange Ltd	Board member
	88	22		The University of Lincoln	Employee
	82	10		Threshold Studios	Partner is a project director
Tessa Ross CBE	100	30		Creative Industries Federation	Board member
	514	181		Donmar Warehouse Projects Ltd	Trustee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	371	146	Cornubian Arts and Science Trust (CAST)	Partner is Chair of the Trust
	123	–	Intoart	Tate Exchange organisation
	250	250	Kneehigh Theatre Trust	Partner is an Advisory Committee member
	15	15	Ligeti Quartet	Niece is manager
	118	8	NMC Recordings Ltd.	Sister is trustee
Andrew Miller MBE	15,290	–	Royal Shakespeare Company	Other/Governor
	185	46	TheSpace C.I.C.	Board member
	45	45	Arts Council of Wales	Board member
	342	167	Corby Cube Theatre Trust	Executive associate
	5,900	4,500	Coventry City of Culture Trust	Advisor/consultant
	3,410	1,288	Northampton Theatres Trust	Executive associate
	412	52	Shape London	Advisor/consultant
	102	–	Tete a Tete	Advisor/consultant
	169	–	Unlimited Theatre	Advisor/consultant
Catherine Mallyon	15,290	–	Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	1,323	763	City of Birmingham Symphony orchestra	Partner is a board member.
	200	20	Creative Industries Federation	Board member
	185	68	Orchestra of the Swan	Advisory Council member
	3,271	305	Shakespeare Birthplace Trust	Advisory Council member
	198	198	Watermill Theatre	Board member (not remunerated)

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Ciara Eastell OBE	175	–	Libraries Unlimited South West	Trustee and CEO (remunerated).
	24	24	Double Elephant CIC	Partner is a director
David Joseph CBE	29	–	Julie's Bicycle	Director/Trustee.
Elisabeth Murdoch CBE	163	163	Arnolfini Gallery	Freelands Foundation, of whom Elisabeth is founder and Chair, funded this organisation
	45	45	Arts Council of Wales	Freelands Foundation Organisation
	3,221	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	1,172	130	Camden Arts Centre	Freelands Foundation Organisation
	309	62	Create London	Freelands Foundation Organisation
	1,571	743	Firstsite Ltd	Freelands Foundation Organisation
	1,265	213	Ikon Gallery	Freelands Foundation Organisation
	233	–	Institute of International Visual Arts	Freelands Foundation Organisation
	613	–	John Hansard Gallery	Freelands Foundation Organisation
	296	–	Kettle's Yard	Freelands Foundation Organisation
	11	–	Manchester Metropolitan University	Freelands Foundation Organisation
	765	150	MK Gallery	Freelands Foundation Organisation
	1,045	54	Modern Art Oxford	Freelands Foundation Organisation
	1,352	160	Nottingham Contemporary	Freelands Foundation Organisation
	1,266	501	Somerset House Trust	Freelands Foundation Organisation
	1,407	232	South London Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	250	85	Spike Island Artspace Ltd	Freelands Foundation Organisation
	868	–	The Artangel Trust	Freelands Foundation Organisation
	756	371	The Whitworth, University of Manchester	Freelands Foundation Organisation
	918	425	Towner Art Gallery	Freelands Foundation Organisation
	786	10	Turner Contemporary	Freelands Foundation Organisation
	2,141	402	Yorkshire Sculpture Park	Freelands Foundation Organisation
	517	–	a-n The Artists Information Company	Freelands Foundation Organisation
	97	1	Open School East	Freelands Foundation Organisation
	432	11	Site Gallery	Freelands Foundation Organisation
	220	88	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	869	–	New Art Exchange Ltd	Freelands Foundation Organisation
	174	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
	923	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
Helen Birchenough	1,964	260	Wiltshire Creative	Board member
Kate Willard OBE	850	–	Equity Charitable Trust	Member
	20	10	South East Local Enterprise Partnership	Chair of Opportunity South Essex
Michael Eakin	3,817	875	Royal Liverpool Philharmonic	Director – Remunerated
Paul Roberts OBE	116	18	A New Direction London Limited	Advisor/Consultant – Not remunerated
	1,352	160	Nottingham Contemporary	Board member – Not remunerated

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Professor Roni Brown	786	10	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
	112	–	Artswork	Board member
	645	24	Creative Foundation	Affiliated through employer: Creative Foundation and UCA have a financial agreement for services
	302	118	Farnham Maltings Association	Partner is a director
	249	50	University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
Ruth MacKenzie CBE	343	48	Improbable	Board member
	3,125	1,909	Serpentine Galleries	Board member
Sukhy Johal MBE	271	228	The University of Lincoln	Employee
	869	–	New Art Exchange Ltd	Board member
	199	45	Threshold Studios	Partner is a project director
Tessa Ross CBE	200	20	Creative Industries Federation	Board member
	1,380	630	Donmar Warehouse Projects Ltd	Trustee

27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	100	30	Creative Industries Federation	Vice-chair and member of Advisory Group.
	0	2	Cultural Institute, University of Leeds	Unpaid member of Advisory Group.
Elisabeth Bushell	468	468	Bletchley Park Trust	Board Member
Peter Knott	764	3	One Dance UK	Partner is paid Chair of Young People panel
	2,299	466	Leicester Theatre Trust	Partner is Head of Learning
	0	494	De Montfort University	Partner is a senior lecturer
Phillip Gibby	109	0	Theatre Bristol Ltd	Partner is employee
	16	–	University of Bath	Member of Court
Simon Mellor	82	9,442	Manchester City Council	Part-time Project Director of the Factory
	52	–	International Federation of the Arts	Board Member and Treasurer of the IFACCA
Mags Patten	25	27	The Clore Leadership Programme	Part of the steering group
	8	0	The Stage Media Company Ltd	Part of the steering group
Liz Johnson	822	2,059	University of Warwick	Sister is Asst. Director, Finance

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	200	20	Creative Industries Federation	Vice-chair and member of Advisory Group
	15	15	Cultural Institute, University of Leeds	Unpaid member of Advisory Group
Elizabeth Bushell	2,207	1,374	Bletchley Park Trust	Board member
Peter Knott	764	3	One Dance UK	Partner is paid Chair of Young People panel.
	3,270	466	Leicester Theatre Trust Limited	Partner is Head of Learning
Phillip Gibby	25	25	RISE Youth Dance	Partner is advisor/consultant.
	159	5	Theatre Bristol Ltd	Partner is employee.
	128	52	Trigger	Partner is an advisor/ consultant.
	6	–	University of Bath	Member of Court
Simon Mellor	21,038	21,008	Manchester City Council	Part-time Project Director of The Factory.
	53	–	International Federation of Arts	Board member and treasurer of IFACCA.
Mags Patten	28	–	The Stage Media Company Ltd	Part of steering group
	–	2	The Clore Leadership Programme	Part of steering group

The declared interests of National Council and Executive Board members are available at the following link:

www.artscouncil.org.uk/national-council/national-council-register-interests

27c. OTHER GOVERNMENT BODIES

The Department for Digital, Culture, Media and Sport (DCMS) is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2022 £000s	**DEBTOR 31 MARCH 2022 £000s**	CREDITOR 31 MARCH 2021 £000s	DEBTOR 31 MARCH 2021 £000s
Balances with other DCMS Government bodies	**4,598**	**11,853**	3,580	284,089
Balances with other central Government bodies	**875**	**49**	701	–
Balances with academies	**64**	**27**	807	47
Balances with local authorities	**65,411**	**–**	99,638	7
Balances with NHS Trusts	**10**	**–**	3	–
Balances with public corporations and trading funds	**56**	**–**	135	–

During 2021/22, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE 31 MARCH 2022 £000s	**INCOME 31 MARCH 2022 £000s**	EXPENDITURE 31 MARCH 2021 £000s	INCOME 31 MARCH 2021 £000s
Transactions with other DCMS Government bodies	**1,380**	**880,617**	4,932	1,051,375
Transactions with other central Government bodies	**9,728**	**273**	8,136	305
Transactions with academies	**490**	**193**	1,761	117
Transactions with local authorities	**107,938**	**–**	130,299	31
Transactions with NHS Trusts	**15**	**–**	–	–
Transactions with public corporations and trading funds	**20**	**–**	52	–

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting treatments, there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported surplus of £14,851,000 but our overall DEL underspend for the year was £8,960,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2022
Overspend/(Underspend as per SOFA)	(1,727)
EXCLUDE NON-DEL TRANSACTIONS	
Pension Scheme (Deficit)/Surplus	909
Pension scheme (Deficit)/Surplus	909
Depreciation	(598)
Capital expenditure	517
Provisions adjustments	(54)
Legacy income	11
Donations	
Legacy expenditure	–
DEL Underspend (excluding Depreciation)	(889)
REPRESENTED BY :	
RDEL underspend	(626)
CDEL underspend	(263)
	(889)

29. CONTINGENT LIABILITIES

As at 31 March 2022, Arts Council England had no contingent liabilities.

30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

31 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2021/22 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2020/21 RESTATED £000s
INCOME AND ENDOWMENTS FROM:								
Donations and legacies	**366,455**	**320,365**	**0**	**686,820**	364,422	866,131	72	1,230,625
Investments	**0**	**0**	**11**	**11**	(0)	0	6	6
Charitable activities	**325**	**1,413**	**0**	**1,738**	513	2,440	0	2,953
Other: Lottery distribution accounts	**15,907**	**0**	**0**	**15,907**	17,425	0	0	17,425
Total income and endowments	**382,687**	**321,778**	**11**	**704,476**	382,361	868,571	78	1,251,009
EXPENDITURE ON:								
Charitable activities (including governance costs)	**366,342**	**321,494**	**0**	**687,836**	373,696	868,414	0	1,242,110
Other: support costs attributable to Lottery distributions accounts	**15,907**	**0**	**0**	**15,907**	17,425	0	0	17,425
Total expenditure	**382,249**	**321,494**	**0**	**703,743**	391,121	868,414	0	1,259,535
Net gains/(losses) on investments	0	0	53	53	0	0	65	65
Total income/ (expenditure) before exceptional items	**438**	**284**	**64**	**786**	(8,761)	157	143	(8,461)
EXCEPTIONAL ITEMS								
Cost of fundamental reorganisation	**0**	**0**	**0**	**0**	0	0	0	0
Net income/ (expenditure)	**438**	**284**	**64**	**786**	(8,761)	157	143	(8,461)
TRANSFERS								
Gross transfers between funds	**0**	**0**	**0**	**0**	0	0	0	0
Total income/ (expenditure) before other recognised gains and losses	**438**	**284**	**64**	**786**	(8,761)	157	143	(8,461)
OTHER RECOGNISED GAINS/LOSSES								
Gain on revaluation of heritage assets	**0**	**0**	**0**	**0**	0	0	0	0
Actuarial gains/(losses) on defined benefit pension schemes	**941**	**–**	**0**	**941**	1,393	–	0	1,393
Net movement in funds	**1,379**	**284**	**64**	**1,727**	(7,368)	157	143	(7,068)
RECONCILIATION OF FUNDS:								
Balance brought forward at 1 April	**11,729**	**728**	**683**	**13,140**	19,097	571	540	20,208
Total funds carried forward at 31 March	**13,108**	**1,012**	**747**	**14,867**	11,729	728	683	13,140

32. BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2022 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2021 £000s
FIXED ASSETS:								
Tangible assets	**3,026**	**0**	**0**	**3,026**	3,407	0		3,407
Heritage assets – works of art	**8,825**	**0**	**0**	**8,825**	8,525	0		8,525
Investments			**747**	**747**			683	683
Total fixed assets	**11,851**	**0**	**747**	**12,598**	11,932	0	683	12,615
CURRENT ASSETS								
Debtors	**0**	**104,388**	**0**	**104,388**	0	288,051		288,051
Due from Arts Council Lottery accounts	**7,329**	**0**	**0**	**7,329**	0	1,488		1,488
Grants paid in advance	**(0)**	**0**	**0**	**(0)**	1,128	0		1,128
Cash and cash equivalents	16,548	61,797	**0**	78,345	18,131	170,105		188,236
Total current assets	**23,877**	**166,185**	**0**	**190,062**	19,259	459,644	**0**	478,903
LIABILITIES								
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR								
Grants outstanding	**16,681**	**163,934**	**0**	**180,615**	13,466	456,554		470,020
Due to Arts Council Lottery accounts	**0**	**0**	**0**	**0**	0	0		0
Creditors	**5,182**	**1,239**	**0**	**6,421**	4,425	2,361		6,786
Total creditors: amounts falling due within one year	**21,863**	**165,173**	**0**	**187,036**	17,891	458,916	0	476,807
Net current assets	**2,014**	**1,012**	**0**	**3,026**	1,368	728	**0**	2,096
Total assets less current liabilities	**13,865**	**1,012**	**747**	**15,624**	13,300	728	683	14,711
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
Provisions for liabilities and charges	**1,162**	**0**	**0**	**1,162**	1,067	0	0	1,067
Net assets excluding pension liability	**12,703**	**1,012**	**747**	**14,462**	12,233	728	683	13,644
Defined benefit pension scheme liability	**(405)**	**0**	**0**	**(405)**	504	0	0	504
Net assets including pension liability	**13,108**	**1,012**	**747**	**14,867**	11,729	728	683	13,140
THE FUNDS OF THE CHARITY:								
REPRESENTED BY INCOME FUNDS								
Unrestricted fund	**852**			**852**	301			301
Restricted fund		**1,012**		**1,012**		728		728
REPRESENTED BY CAPITAL FUNDS								
Endowment funds			**747**	**747**			683	683
Designated fund	**8,825**			**8,825**	8,525			8,525
Donated asset reserve		**0**		**0**	0	0		0
Capital reserve	**3,026**			**3,026**	3,407			3,407
Pension reserve	**405**			**5,474**	(504)			(504)
Total charity funds	**13,108**	**1,012**	**747**	**14,867**	11,729	728	683	13,140

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

33. CULTURAL RECOVERY FUND: REPAYABLE FINANCE

The Cultural Recovery Fund (Repayable Finance) programme is part of the Government's £1.57 billion package to protect the UK's culture and heritage sectors from the economic impacts of Covid-19. It was intended to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but were subsequently at risk of no longer trading viably by 31 March 2021. The programme consists of DCMS loans totalling £260 million to 36 organisations, which are repayable over a period of up to 20 years.

As the loans were made on behalf of DCMS they are not included in the accounts for Arts Council England. However the £960,000 income received by Arts Council England for administering the loans is included within Note 3.

09.

Lottery distribution accounts

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Arts Council England (Lottery distribution accounts) for the year ended 31 March 2022 under the National Lottery etc Act 1993.

The financial statements comprise the Arts Council England's (Lottery distribution accounts):

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's (Lottery distribution accounts') affairs as at 31 March 2022 and its total comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements (Lottery distribution accounts) is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Arts Council England is adopted in consideration of the requirements set out in

HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

The other information comprises information included in the Trustees Annual Report, but does not include either the Grant in Aid or the Lottery Distribution financial statements nor my auditor's certificate and reports. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

In my opinion, based on the work undertaken in the course of the audit:

— the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the 1993 National Lottery etc Act; and

— the information given in the Accountability Report and Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

— I have not received all of the information and explanations I require for my audit; or

— adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or

— information given in the Performance Report and Accountability Report is consistent with the financial statements and with information obtained during the course of my audit; or

— certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

— the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees' and Chief Executive's Responsibilities, the Chief Executive Officer acting as Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the Lottery Distribution's financial statements and Trustees Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Trustees Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Arts Council England will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies, key performance indicators and performance incentives.
- inquiring of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the National Lottery etc Act 1993.and Managing Public Money.

— discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Arts Council England's framework of authority as well as other legal and regulatory frameworks in which the Arts Council England operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included the National Lottery etc Act 1993, employment legislation and Managing Public Money.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

— reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

— enquiring of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

— reading and reviewing minutes of meetings of those charged with governance and the National Council and internal audit reports;

— in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

REPORT

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

14 JULY 2022

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2022

	NOTE	31 MARCH 2022 £000	31 MARCH 2021 £000
INCOME			
Share of proceeds from the National Lottery Distribution Fund	2	**252,290**	253,130
Investment returns on the Distribution Fund	2	**357**	148
		252,647	253,278
Other income	3	**629**	1,643
Total income		**253,276**	254,921
EXPENDITURE			
Grant expenditure:			
Grant commitments made in the year	10	**257,027**	168,296
Less: lapsed and revoked commitments	10	**(8,574)**	(9,408)
Net grant commitments	10	**248,453**	158,888
Other expenditure:			
Invoiced arts expenditure		**453**	1,192
Costs apportioned from Grant-in-Aid accounts	6	**15,907**	17,425
Total expenditure		**264,813**	177,505
Total comprehensive expenditure for the year ended 31 March		**(11,537)**	77,416

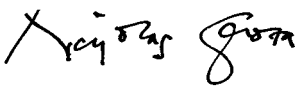
ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.
THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	NOTE	31 MARCH 2022 £000s	31 MARCH 2021 £000s
CURRENT ASSETS			
Trade and other receivables	9	**154**	40
Investments: balance in the National Lottery Distribution Fund	2	**193,770**	210,563
Cash and cash equivalents	14	**11,691**	870
Total current assets		**205,615**	211,473
CURRENT LIABILITIES			
Grant liabilities due within one year	10	**185,497**	190,183
Trade and other payables	11	**172**	672
Due to Grant-in-Aid accounts	19e	**7,329**	1,488
Total current liabilities		**192,998**	192,343
Net current assets		**12,617**	19,130
NON-CURRENT LIABILITIES			
Grant liabilities due in more than one year	10	**31,326**	26,302
Net liabilities		**(18,709)**	(7,172)
EQUITY			
General reserve		**(18,709)**	(9,289)
Fair value reserve		**–**	2,117
		(18,709)	(7,172)

THE NOTES ON PAGES 147 TO 171 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley CBE
Chief Executive
13 JULY 2022



Sir Nicholas Serota CH
Chair
13 JULY 2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	NOTE	2021/22 £000s	2020/21 £000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Funds received from the National Lottery Distribution Fund	2	**269,440**	299,352
Other cash receipts		**515**	1,622
Grants paid	10	**(248,116)**	(287,159)
Cash paid to Grant-in-Aid accounts		**(10,065)**	(18,979)
Other cash payments		**(952)**	(643)
Net cash inflow/(outflow) from operating activities	12	**10,822**	(5,807)
Net increase/(decrease) in cash and cash equivalents	13/14	**10,822**	(5,807)
Cash and cash equivalents at beginning of period		**870**	6,677
Cash and cash equivalents at end of period		**11,692**	870

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	GENERAL RESERVE 2021/22 £000s	FAIR VALUE RESERVE 2021/22 £000s	TOTAL RESERVES 2021/22 £000s	TOTAL RESERVES 2020/21 £000s
Closing reserve position 31 March	**(9,289)**	**2,117**	**(7,172)**	(84,588)
Transferred (to)/from the statement of comprehensive net expenditure	**(9,420)**	**(2,117)**	**(11,537)**	77,416
Closing reserve position 31 March	**(18,709)**	**0**	**(18,709)**	(7,172)

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.

NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

1. ACCOUNTING POLICIES

1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Digital, Culture, Media and Sport with the consent of HM Treasury and the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts are prepared on a going concern basis. Last year the Statement of Financial Position showed net liabilities of £7 million. This year the position has moved to net liabilities of £18 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments are shown in the accounts in the year when the commitment is made. In 2017/18 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2017/18 of £464 million, for activity and payments which will take place over the period 2018-22. The deficit from last year has reduced by £78 million and will decrease further over the next two years as we make further payments against the grants that were committed in 2017/18. The grant commitments have been entered into after consideration of the cash requirements of grant recipients and after taking account of income projections provided by the Gambling Commission.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year.

1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Digital, Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act

1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with FRS102, with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with FRS102.

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. It should be noted that Grant-in-Aid accounts are prepared under the FRS102 and the Charity SORP, and as such are not impacted by IFRS. There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

1i. STATEMENT OF FINANCIAL POSITION

The statement of financial position reports the revaluation reserve on the National Lottery Distribution Fund balance as a fair value reserve.

1j. ADOPTION OF INTERNATIONAL REPORTING STANDARDS

Arts Council England has been required to present the Lottery distribution accounts under International Financial Reporting Standards (IFRS) since 2009/10.

2. NATIONAL LOTTERY DISTRIBUTION FUND

	2021/2022 £000s	2020/2021 £000s
Balance at 1 April	**210,563**	256,637
Share of proceeds from the National Lottery Distribution Fund	**252,290**	253,130
Investment returns on the Distribution Fund	**357**	148
Receipt of funds from winding up of Olympic Lottery Distribution Fund	**0**	0
Cash drawn down	**(269,440)**	(299,352)
Balance at 31 March	**193,770**	210,563

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2022 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2021/2022 £000s	2020/2021 £000s
Other central government bodies	**50**	75
Public corporations	**0**	0
Sundry	**579**	1,568
	629	1,643

Grants, sponsorship and donations are analysed as follows:

	2021/2022 £000s	2020/2021 £000s
OTHER CENTRAL GOVERNMENT BODIES		
Historic England	**50**	50
Natural England	**0**	25
OTHER GRANTS, SPONSORSHIP AND DONATIONS		
Other grants, sponsorship and donations	**579**	1,568
	629	1,643

4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. PENSIONS

Arts Council England are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2021/2022 £000s	2020/2021 £000s
Staff costs	**11,493**	13,188
Indirect staff costs	**146**	(74)
Premises	**1,050**	1,047
Supplies and services	**1,873**	1,948
Travel and subsistence	**103**	20
Professional fees	**758**	813
Central costs	**182**	130
Other recharges – contribution to depreciation	**302**	353
	15,907	17,425
Corporate governance costs included above	**648**	781

7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2021/2022 £000s	2020/2021 £000s
Stated after charging:		
(a) Auditors' remuneration	**64**	63
(b) Staff travel, subsistence and hospitality	**103**	20

The fee for the statutory audit in 2021/22 is £64,375 (2020/21: £62,500). There were no fees payable to the auditors for non-audit services.

8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. RECEIVABLES

	31 MARCH 2022 £000s	31 MARCH 2021 £000s
Prepayments and accrued income	**–**	–
Other receivables	**154**	40
Provision for doubtful debts	**–**	–
	154	40

10. GRANT COMMITMENTS

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2022 £000s	31 MARCH 2021 £000s
Grant liabilities brought forward	**216,485**	344,756
Grant commitments made	**257,028**	168,296
Less: lapsed and revoked commitments	**(8,574)**	(9,408)
Grant liabilities paid	**(248,116)**	(287,159)
Balance of grant liabilities outstanding carried forward	**216,823**	216,485

AGEING OF GRANT LIABILITIES:	31 MARCH 2022 £000s	31 MARCH 2021 £000s
2021/22	**N/A**	190,183
2022/23	**185,496**	19,415
2023/24	**19,496**	6,718
2024/25	**11,831**	119
2025/26		50
	216,823	216,485

11. CURRENT LIABILITIES

	31 MARCH 2022 £000s	31 MARCH 2021 £000s
Trade payables	**159**	639
Other payables	**13**	33
	172	672

12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2021/2022 £000s	2020/2021 £000s
Operating surplus	**(11,538)**	77,416
Decrease in receivables and prepayments	**16,679**	46,052
Decrease in payables	**5,680**	(129,275)
Net cash inflow/(outflow)	**10,821**	(5,807)

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2021/2022 £000s	2020/2021 £000s
Increase/(decrease) in cash and cash equivalents in the year	**10,821**	(5,807)
Funds at 1 April	**870**	6,677
Funds at 31 March	**11,691**	870

14. CASH AND CASH EQUIVALENTS

	1 APRIL 2021 £000s	CASH FLOW £000s	31 MARCH 2022 £000s
Cash and cash equivalents	870	10,821	**11,691**
	870	10,821	**11,691**

15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2022 (31 March 2021: £nil).

16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2022 (31 March 2021: £nil).

17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of NFYM as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	**2021/2022 £000s**	2020/2021 £000s
Grant commitments in the year	**9,651**	–
NFYM payables balance as at 31 March	**9,651**	9,651
THIS RECONCILES TO NFYM'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**4,310**	3,857
INCOMING FUNDS:		
Arts Council England grant	**9,651**	10,151
other funds	**3,175**	3,054
OUTGOING FUNDS:		
grant expenditure	**(11,659)**	(11,045)
other expenditure	**(2,215)**	(1,707)
Balance at 31 March	**3,262**	4,310
Arts Council England receivables balance as at 31 March	**9,651**	9,651

The 2021/22 figures were unaudited at the date of signing these accounts. The 2020/21 figures have been adjusted to reflect the audited accounts.

18b. VICTORIA & ALBERT MUSEUM (V&A)

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of V&A as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2021/2022 £000s	2020/2021 £000s
Grant commitments in the year	**750**	0
V&A payables balance as at 31 March	**1,050**	938
THIS RECONCILES TO V&A'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**0**	0
INCOMING FUNDS:		
Arts Council England grant	**638**	608
other funds	**115**	
OUTGOING FUNDS:		
grant expenditure	**(738)**	(592)
other expenditure	**(15)**	(16)
Balance at 31 March	**(0)**	(0)
Arts Council England receivables balance as at 31 March	**1,050**	938

The 2021/22 figures were unaudited at the date of signing these accounts; the 2020/21 figures were adjusted to reflect audited accounts.

18c. UK COMMUNITY FOUNDATIONS (UKCF)

UK Community Foundations (UKCF) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of UKCF as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2021/2022 £000s	2020/2021 £000s
Grant commitments in the year	**5,000**	–
UKCF payables balance as at 31 March	**50**	–
THIS RECONCILES TO UKCF'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**0**	0
INCOMING FUNDS:		
Arts Council England grant	**5,000**	0
other funds	**0**	
OUTGOING FUNDS:		
grant expenditure	**(4,500)**	0
other expenditure	**(390)**	0
Balance at 31 March	**110**	0
Arts Council England receivables balance as at 31 March	**50**	0

The 2021/22 figures were unaudited at the date of signing these accounts.

19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2021, the fund balance was £211 million. This had decreased to £194 million by 31 March 2022, at which point there were £217 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Digital, Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. LIQUIDITY RISK

In 2021/22, 99.75 per cent of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(18,709)

We do not believe that we are exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £217 million over the next financial year.

LIQUID ASSETS AS AT 31MARCH 2022:	£000s
Market value of National Lottery Distribution Fund investments	193,770
Cash and cash equivalents	11,691

19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £193,769,852.

In the year, the average return on these investments was 0.19 per cent (2020/21: 0.1 per cent).

		INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2021/22	193,770	357	0.19%	0.14%
2020/21	210,563	148	0.10%	0.06%
2019/20	256,637	1,199	0.72%	0.48%
2018/19	282,630	1,144	0.67%	0.51%
2017/18	298,105	660	0.35%	0.29%
2016/17	314,514	741	0.34%	0.32%
2015/16	334,285	1,095	0.50%	0.41%
2014/15	325,697	1,101	0.50%	0.40%
2013/14	286,613	1,083	0.50%	0.47%
2012/13	282,192	1,445	0.78%	0.53%
2011/12	194,490	1,515	2.26%	0.71%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £11,690,699.43.

19c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

19d. FINANCIAL ASSETS BY CATEGORY

	2021/2022 £000s	2020/2021 £000s
RECEIVABLES DUE WITHIN ONE YEAR		
Accrued income	**(0)**	0
Other receivables	**154**	40
	154	40
INVESTMENTS		
National Lottery Distribution Fund	**193,770**	210,563
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**11,691**	869
Total financial assets	**205,615**	211,472

19e. FINANCIAL LIABILITIES BY CATEGORY

	2021/2022 £000s	2020/2021 £000s
Trade payables	**159**	639
Other payables	**13**	33
Due to Arts Council Grant-in-Aid accounts	**7,329**	1,488
Grant payables falling due within one year	**185,497**	190,183
Grant payables falling due over one year	**31,326**	26,302
Total financial liabilities	**224,324**	218,645

Included within the financial liabilities are amounts such as grants outstanding and deferred income. While these liabilities are not contractual, they have been disclosed above in the interests of completeness.

20. RELATED PARTIES

20a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	1,562	1,534	A New Direction London Limited	Tate Exchange organisation
	100	50	CAST Cornubian Arts and Science Trust	Partner is a Chair of the Trust
	45	4	NMC Recordings Ltd	Sister is trustee
	270	135	Tate Gallery	Former Tate directorship remunerated. Ongoing curatorial adviser role on Nauman project Remunerated
Andrew Miller MBE	42	4	Corby Cube Theatre Trust	Executive associate
			Department for Work and Pensions	Ongoing. UK Government Disability Champion for Arts & Culture
	205	132	Graeae Theatre Company Ltd	Advisor/consultant
	50	25	Independent Cinema Office	Advisor/consultant
	445	602	Shape London	Advisor/consultant
	500	600	The Clore Leadership Programme	Other/Conference Panellist
	6,348	6,236	Welsh National Opera	Trustee
Catherine Mallyon	–	350	Arts & Humanities Research Council	Board Member
	2,261	2,221	City of Birmingham Symphony orchestra	Partner is a board member
	–	60	National Trust	Partner is employee of the National Trust Central Office
	50	25	Orchestra of the Swan	Advisory Council Member
	487	459	Watermill Theatre	Partner is a board member
Ciara Eastell OBE	153	153	Compton Verney House Trust	Advisor/Consultant (remunerated). Leadership Development and Coaching for Executive Team
	30	30	Double Elephant CIC	Partner is a director
	36	–	Libraries Unlimited South West	Trustee and CEO (remunerated)
	270	135	Tate Gallery	Advisor/Consultant (remunerated)
David Joseph CBE	348	–	Julie's Bicycle	Director/Trustee

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE	697	872	Arnolfini Gallery	Freelands Foundation Organisation
	51	25	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	100	50	CAST (Cornubian Arts and Science Trust)	Founder of this organisation sits on the advisory board of Freelands Foundation
	300	150	Development Department, University of the Arts London	Freelands Foundation Organisation
	100	90	Firstsite Ltd	Freelands Foundation Organisation
	–	5	Focal Point Gallery	Freelands Foundation Organisation
	–		Freelands Foundation Organisation	Founder and Chair
	–	40	Institute of International Visual Arts	Freelands Foundation Organisation
	300	150	John Hansard Gallery	Freelands Foundation Organisation
	–	45	Leeds Museums and Galleries	Freelands Foundation Organisation
	65	1	Manchester Metropolitan University	Freelands Foundation Organisation
	–	1,275	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	–	65	New Art Exchange Ltd	Freelands Foundation Organisation
	–	75	Site Gallery	Freelands Foundation Organisation
	1,470	1,245	Spike Island Artspace Ltd	Freelands Foundation Organisation
	270	135	Tate Gallery	Also Chair of Tate Modern Advisory Council. Tate was funded by Freelands Foundation
	400	460	The Public Catalogue Foundation	Freelands Foundation Organisation.
	–	43	The Whitworth, University of Manchester	Freelands Foundation Organisation
	–	20	Turner Contemporary	Freelands Foundation Organisation
	29	31	University of Brighton (Brighton CCA)	Freelands Foundation Organisation.
	45	4	Wysing Arts Centre	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Helen Birchenough	100	100	Wiltshire Creative	Board member.
Kate Willard OBE	–	–	Department for Culture, Media and Sport	Board member.
Paul Roberts OBE	1,562	1,534	A New Direction London Limited	Advisor/Consultant – Not remunerated
	–	9	Durham University	Commissioner for the ACE/Durham University Commission on Education and Creativity. Not remunerated
Professor Roni Brown	300	150	Development Department, University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
	877	861	Farnham Maltings Association	Partner is a director
	–	20	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services.
	–	138	Whitstable Biennale	Colleague at UCA is Chair of the Board
Ruth MacKenzie CBE	–	148	Greater London Authority	Consultant for the Reopening London programme
	270	135	Tate Gallery	Board member
Sukhy Johal MBE	825	912	The University of Lincoln	Employee
	–	15	Lincoln Arts Trust Limited	Core LOV. The University of Lincoln acts as the accountable body for Lincoln One Venues (activity across 7 venues in total). The dedicated team report to Sukhy, who signs applications for funds. They also fund the LOV network as part of their NPO agreement, including Drill Hall.
	–	65	New Art Exchange Ltd	Board member
	–	10	Threshold Studios	Partner is a project director

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	83	–	Cornubian Arts and Science Trust (CAST)	Partner is a Chair of the Trust
	–	450	Kneehigh Theatre Trust	Partner is an Advisory Committee Member
	17	–	Ligeti Quartet	Niece is manager
	–	8	Tate Gallery	Curatorial Advisor role – remunerated
Andrew Miller MBE	–	107	Royal Shakespeare Company	Other/Governor
	2,000	2,100	TheSpace C.I.C.	Board Member
	–	2,051	Coventry City of Culture Trust	Advisor/consultant
	–	3	Independent Cinema Office	Advisor/consultant
	663	68	Northampton Theatres Trust	Executive Associate
	–	6,123	Welsh National Opera	Trustee
Catherine Mallyon	–	107	Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	–	450	Arts and Humanities Research Council	Board Member
	–	2,181	City of Birmingham Symphony Orchestra	Partner is a Board Member
	35	6	Orchestra of the Swan	Advisory Council Member
	900	–	Shakespeare Birthplace Trust	Advisory Council Member
	–	450	Watermill Theatre	Board Member (not remunerated)
Ciara Eastell OBE	16	5	Double Elephant CIC	Partner is a Director
	–	8	Tate Gallery	Advisor/consultant (remunerated)
David Joseph CBE	208	–	Julie's Bicycle	Director/Trustee

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE	–	700	Arnolfini Gallery	Freelands Foundation, of whom Elisabeth is founder and Chair, funded this Organisation
	–	41	Bath Spa University Research and Enterprise Office	Freelands Foundation Organisation
	17	–	Create London	Freelands Foundation Organisation
	250	210	Firstsite Ltd	Freelands Foundation Organisation
	150	–	South London Gallery	Freelands Foundation Organisation
	25	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	15	1	University of Brighton (Brighton CCA)	Freelands Foundation Organisation
	350	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
	–	1	Manchester Metropolitan University	Freelands Foundation Organisation
	91	–	a-n The Artists Information Company	Freelands Foundation Organisation
	–	15	Nottingham Contemporary	Freelands Foundation Organisation
	–	1,275	Nesta Arts & Culture	Freelands Foundation Organisation
	–	75	Site Gallery	Freelands Foundation Organisation
	–	280	Spike Island Art Space Ltd	Freelands Foundation Organisation
	40	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	–	68	The New Art Exchange Ltd	Freelands Foundation Organisation
	–	65	The Whitworth, University of Manchester	Freelands Foundation Organisation
	–	320	The Public Catalogue Foundation	Freelands Foundation Organisation
	–	484	Towner Art Gallery	Freelands Foundation Organisation
	–	64	Turner Contemporary	Freelands Foundation Organisation
	–	8	Tate Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Michael Eakin	–	71	Royal Liverpool Philharmonic	Ongoing, employed as Director, remunerated
Paul Roberts OBE	–	1,506	A New Direction London Limited	Advisor/consultant. Not remunerated
	–	15	Nottingham Contemporary	Ongoing Board Member. Not remunerated
	–	14	Durham University	Commissioner. Not remunerated
		71	Nottingham Music Service	Former Chair of the Board. Not remunerated
Professor Roni Brown	–	64	Turner Contemporary	Affiliated through employer. Turner Contemporary and UCA have a financial agreement for services
	–	1,519	Artswork	Board member
	–	846	Farnham Maltings Association	Partner is director
	–	100	Institute of International Visual Arts	Hosted at University of the Arts London which is funded by ACE
Ruth MacKenzie CBE	–	8	Tate Gallery	Member
Sukhy Johal MBE	–	208	The University of Lincoln	Employee
	–	98	Threshold Studios	Partner is a project director

20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Peter Knott	0	6	De Montfort University	Partner is a senior lecturer
	409	409	Leicester Theatre Trust Limited	Partner is Head of Learning.
	0	25	One Dance UK	Partner is paid Chair of Young People panel
	10	0	Subhash Viman	Partner is a board member of Subhash's company Morph Productions (Currently called Morph Dance Company).
Simon Mellor	80	46	Manchester City Council	Part-time Project Director of The Factory
Mags Patten	500	600	The Clore Leadership Programme	Part of steering group.
Kate Bellamy	750	1,050	The Victoria and Albert Museum	Employee
Liz Johnson	36	4	School of Law, University of Warwick	Sister is Asst. Director, Finance

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	–	5	Cultural Institute, University of Leeds	Unpaid member of the Advisory Group
Kate Bellamy	–	938	The Victoria and Albert Museum	Former employee
Mags Patten	–	550	The Clore Leadership Programme	Part of steering group
Peter Knott	250	250	One Dance UK	Partner is paid Chair of Young Peoples' panel
Phillip Gibby	–	1	RISE Youth Dance	Partner is advisor/consultant
	35	–	Trigger	Partner is advisor/consultant
Simon Mellor	–	41	Bath Spa University Research and Enterprise Office	Partner is employee
	–	15	Manchester City Council	Part-time Project Director of The Factory
Tonya Nelson	–	7	The National Gallery	Board member

The declared interests of National Council members and Executive Board are available at the following link:

www.artscouncil.org.uk/national-council/national-council-register-interests

20c. OTHER GOVERNMENT BODIES

The Department for Digital, Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2022 £000s	**RECEIVABLES 31 MARCH 2022 £000s**	PAYABLES 31 MARCH 2021 £000s	RECEIVABLES 31 MARCH 2021 £000s
Balances with other DCMS Government bodies	**3,040**	**–**	5,971	–
Balances with other central Government bodies	**–**	**–**	–	–
Balances with academies	**1,471**	**–**	2,057	–
Balances with local authorities	**7,923**	**–**	13,609	–
Balances with NHS Trusts	**1,361**	**–**	1,498	–
Balances with public corporations and trading funds	**1,413**	**–**	1,309	25

	EXPENDITURE 31 MARCH 2022 £000s	**INCOME 31 MARCH 2022 £000s**	**EXPENDITURE 31 MARCH 2021 £000s**	**INCOME 31 MARCH 2021 £000s**
Transactions with other DCMS Government bodies	**2,848**	**50**	4,873	50
Transactions with other central Government bodies	**–**	**–**	–	–
Transactions with academies	**1,069**	**–**	2,219	–
Transactions with local authorities	**6,643**	**–**	2,537	–
Transactions with NHS Trusts	**325**	**–**	0	–
Transactions with public corporations and trading funds	**138**	**–**	68	–

21. EXCEPTIONAL ITEMS

There were no exceptional costs during 2021/22 or 2020/21.

22. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

Arts Council England did not have any contingent liabilities as at 31 March 2022.
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23. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

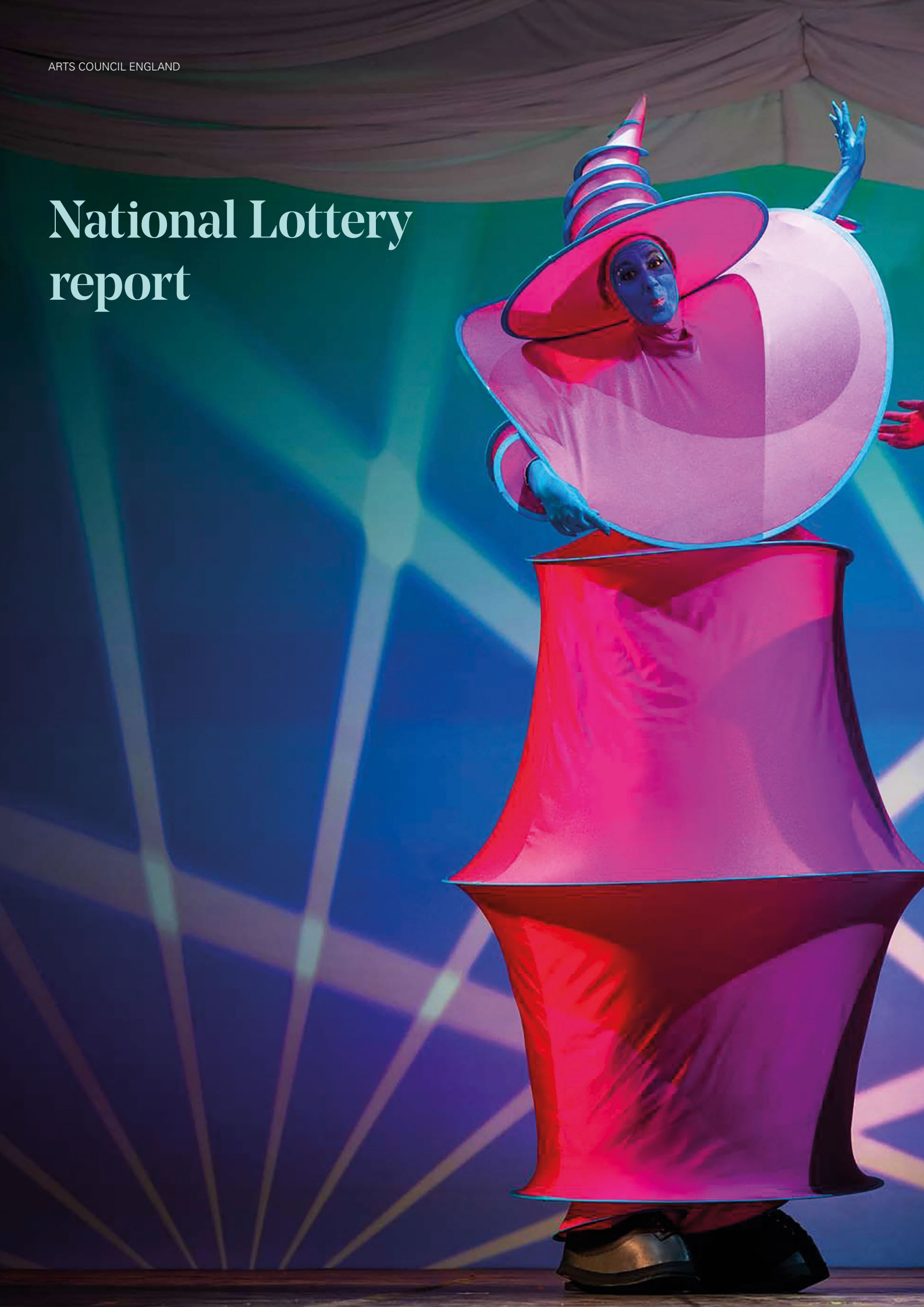
24. LOSSES AND SPECIAL PAYMENTS

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. The number and value of losses during 2020/21 were as follows:

	2021/2022 £000s	2020/2021 £000s
Total value of losses	**0**	0
Total number of losses	**0**	0

THERE WERE NO LOSSES OR SPECIAL PAYMENTS DURING 2021/22.

National Lottery report



As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.

POLICY DIRECTIONS

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

a) The need to involve the public and local communities in making policies, setting priorities and distributing money

Our 10-year strategy for the arts, libraries and museums, *Let's Create*, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

b) Its assessment of the needs of the arts and culture and its priorities for addressing them

Let's Create sets out our commitment to our mission and our three outcomes – Creative People, Creative Places and A Creative Country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our delivery plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England

Evidence demonstrates that some communities are engaging very little with the arts and culture. This may be through lack of opportunities to attend and participate or because of barriers like socio-economic factors, physical accessibility, or a limited offer. We believe that everyone has the right to access the arts and culture and we want to transform the opportunities open to people in these places.

Our vision for Creative People and Places is to support the public in shaping local arts and culture provision and, in doing so, to increase attendance and participation in excellent art and culture; existing Creative People and Places consortia are working to a 10-year vision to achieve this. We have recently invested a further £25.3 million of lottery funding into this programme and brought 39 Creative People and Places programmes into our National Portfolio, covering 56 local authority areas and receiving investment for three years, between 2022 – 25.

For example: Heart of Glass in St Helens has recently been awarded £1 million to deliver Creative People and Places activity in an expanded area including Knowsley. The Heart of Glass Creative People and Places consortium includes partners such as St Helens Rugby Club, St Helens College and Knowsley Safari Park. They take an approach that turns the whole town into an arts centre. They have transformed an old Argos store into a wellbeing and creative centre used by the public and health professionals alike, and work in

partnership with the community to programme exceptionally high quality arts and culture.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

The World Reimagined was awarded over £400,000 for a national art education project built around sculpture trails in seven to eight cities to transform how society understands the Transatlantic slave trade and its impact for a future of racial harmony for all. Key to this project were bursaries for schools across England to take part in a transformative arts-based learning experience.

Recent months have seen enormous demand for educational resources related to racial justice. The World Reimagined fosters collaboration and creativity for children as a learning-based approach to racial history. Through creating globes and writing poetry, children will be allowed to develop their voices and find inspiration in creative expression.

Drawing on inspiration from creatives involved in this project, such as Yinka Shonibare, poet and playwright Inua Ellams and the cast of *Hamilton*, the work children produce will be displayed digitally and in their communities. With teacher leadership development, the project has a legacy for inspiring children beyond its lifespan.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

Arts Council National Lottery Project Grants supports a huge range of projects that bring people together through engagement with creativity. Small grants to foster grassroots engagement can be some of the most beneficial for strengthening community spirit.

"Music for All: From the community to the concert hall" was a project that received £9,000 to facilitate a series of workshops and a live performance event with vulnerable and disadvantaged community groups in Newcastle and Gateshead, introducing them to the many health and social benefits of community music-making and live performance. The project will involve a diverse range of demographics across various community groups, in an attempt to bring together communities across local cultural divides. It will culminate in a large community celebratory event featuring live performances from all groups at The Sage, Gateshead.

f) The need to support volunteering and participation in the arts and community arts

Many of the activities we support through National Lottery Project Grants provide vital volunteering opportunities in our sector. Through National Lottery Project Grants we awarded Ruth Singer £11,500 to produce a socially-engaged, co-created textile artwork to celebrate and remember the experiences of covid-related volunteers in Leicestershire. The aim of the project was to empower the local community by enabling volunteers to tell their stories through textile making and collaboration with a local emerging artist.

Ruth used her creative practice to collect and tell the stories of volunteers in Leicester and Leicestershire who have begun or changed their volunteering in response to Covid-19. She was inspired by research showing that 21 per cent of the population were involved in volunteering in 2020 and there was an increase in numbers of women from diverse backgrounds who started volunteering. This project engages with all volunteers across Leicestershire who want to share their story, as well as 50 participants who will be taking part in making the artwork.

This project will reach volunteers from diverse backgrounds who might not otherwise engage in arts activity. They will all have the opportunity to share their story and/or take part in creative expression about their experience, contributing to their wellbeing and their sense of community. The artwork and film will be widely accessible online and local people will be able to see the work in community spaces through showcases.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

We committed £1,180,000 to Spike Island Artspace to lead a consortium of arts organisations, Universities and local authorities to deliver a step change in the visual arts sector in Bristol and the West of England through delivering a programme of professional development and commissioning, and a broad range of opportunities for talent development and career progression.

The consortium will deliver a three-year programme of activity, with a collective vision for the visual arts community in Bristol and the West of England to be more progressive, sustainable and inclusive by 2024.

The project will transform Bristol and the West of England into a place where the visual arts can thrive through a strategic partnership, providing critical opportunities and support to enable diverse local artists, curators and young people from diverse backgrounds to develop their careers and achieve their potential by empowering and supporting them to pursue careers in the sector. It will also enable artist-led organisations and studio providers to adopt new models of best practice, and become more innovative, sustainable and inclusive in the process.

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

During the period under review, a number of organisations completed construction projects despite the pandemic and are planning for operation in line with government guidelines.

The £8.5 million Polka Children's Theatre redevelopment was completed in July 2021 and opened in September 2021. It achieved an Excellent rating under BREEAM 2014 (refurbishment and fit-out) which is used to assess the environmental life-cycle impacts of non-domestic refurbishment projects during the design and construction stages. The venue now incorporates several features to reduce its environmental impact including improved insulation, photovoltaic panels, energy and water-saving measures and a new building management system. An updated café and shop together with a new venue space for private hire all aim to improve the organisation's long-term financial sustainability.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

Freedom Road is an immersive performance created by Sabina Desir in response to 2020's Black Lives Matter protests. It features songs drawn from the US civil rights movement and contemporary Black British music ranging from jazz to soul, and is accompanied by visuals from the Black British photographers that document the Black British experience. The show will tour to seven venues in spring 2022 and will launch the company Freedom Road Project, whose work will focus on telling hidden stories from Black and marginalised communities in England through music, visual arts and education projects.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

Since 2013, through a consortium approach, Unlimited has supported over 400 ambitious disabled artists and companies, through commissions, awards and support. More than 3.8 million people globally and online have seen or engaged with the work, making it the largest supporter of disabled artists worldwide.

In 2021, We Are Unlimited Arts stepped up to lead this work into a new chapter, enabling new work by disabled artists to reach UK and international audiences, With a grant of £750,000 through National Lottery Project Grants, this funding will cement We Are Unlimited Arts as an independent ambitious, disability-led organisation with the expertise, legacy and skills to be the sector leader in commissioning disabled artists. The ambitious project aims to establish the organisation beyond its reputation for creating quality, impactful art to create real, embedded, quantifiable change.

This funding will support the organisation to work in new ways, with an intersectional, diverse, disabled-led staff team.

They will try out new approaches, working with a highly engaged, disabled-led intersectional board, redefining what a board looks like and how one works, and a new adaptable, dynamic operating model and fundraising approach, to respond to the challenges of the next decade, maximising potential without exploitation.

As well as showcasing commissions in Southbank Centre's Unlimited Festival, the early phase of the project will establish We Are Unlimited Arts as the go to organisation to commission extraordinary high-quality work from disabled artists, and to support the sector to deliver transformational change.

l) The desirability of working jointly with other organisations, including other distributors

The Creativity Collaboratives programme was designed to test and embed approaches to teaching for creativity in state funded schools. It was made possible by joint working with Freelands Foundation (providing £1.08 million) and the Arts Council (providing £1.7 million).

By working within existing educational structures, the Creativity Collaboratives programme will build a national network of schools that will work together to explore and test approaches to embed teaching for creativity across the curriculum. Creativity Collaboratives will model school-led improvement underpinned by teaching for creativity, that is, explicitly using pedagogies and practices that cultivate creativity in young people.

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. Arts Council National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. In 2021/22, a total of 3,720 awards were made with a total value of £99,570,361.
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

   Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

   In 2021/22, 2,496 awards were made with a total value of £59,892,500.

FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

> The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2021/22. A copy of the Statement of Financial Requirements is publicly available.

LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 7.75% of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2021/22 were approximately £3.25 million less than the target and approximately £1.42 million less than last year.

1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2021/22 £M TARGET
ACTUAL ADMINISTRATION COSTS*	16.26	16.35	17.63	17.10	15.68	18.93

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2021/22 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	15.61	15.37	16.34	14.89	14.06	16.97

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS
** FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 ACTUAL	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL
ACTUAL ADMINISTRATION COSTS AS % OF LOTTERY INCOME*	7.82%	7.07%	7.00%	7.08%	6.75%	6.18%

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS. 2019/20 PERCENTAGE CALCULATED AS AN AVERAGE OF THREE YEARS' INCOME

GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £15,000:	6 weeks
Applications for funding for £15,001 and above:	12 weeks

Since 2009/10 we have adopted a target of processing 90 per cent of all applications within our stated turnaround times. The thresholds were increased on 1 July 2013 from £10,000 to £15,000.

YEAR		A	B	C
2017/18	Actual	95.50%	97.07%	95.74%
2018/19	Actual	96.44%	96.19%	96.40%
2019/20	Actual	99.32%	97.42%	98.94%
2020/21	Actual	94.95%	95.50%	95.06%
2021/22	**Actual**	**99.70%**	**87.90%**	**97.30%**
2009/10	**Target**	**90%**	**90%**	**90%**

A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

> Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.

We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

Image credits
In order of appearance

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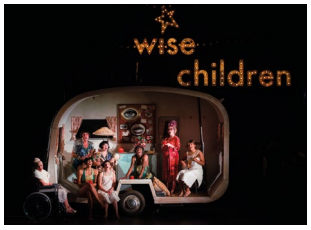

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REHEARSAL IMAGES OF THE RSC'S ONLINE PRODUCTION OF DREAM. PHOTO BY STUART MARTIN © RSC AUGUST 2021

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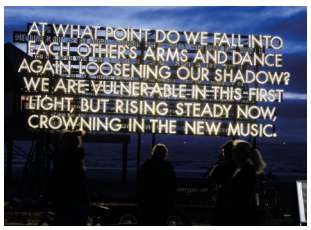
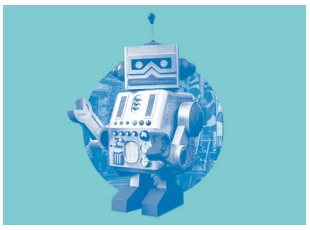
NEWLYN ART GALLERY – VOLUNTEER AND VISITOR AT FRONT DESK BUYING MASKS. PHOTO © EMILIE SWANN



RECOVERY POEMS LIGHT INSTALLATION ON WESTON PROMENADE. PHOTO © FINNBARR WEBSTER

FILMING IN TRURO FOR G7 BEHIND THE POSTCARD PROJECT. PHOTO © STEVE TANNER



EMERGENCY EXIT ARTS – ROBERTA AT LORD MAYOR'S SHOW. PHOTO © NICK CATTERMOLE

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THE ARTS COUNCIL OF ENGLAND

England & Wales - Charity number 1036733

Accounts

Arts Council England,
Grant-in-Aid and National Lottery Distribution 2020/21

ANNUAL REPORT & ACCOUNTS 2020/21

For the year ended 31 March 2021

HC 288

ARTS COUNCIL ENGLAND GRANT-IN-AID AND NATIONAL LOTTERY DISTRIBUTION ANNUAL REPORT AND ACCOUNTS 2020/21

Presented to Parliament pursuant to sections 34(3) and 35(5) of the National Lottery Act 1993 (as amended by the National Lottery Act 1998 and National Lottery Act 2006).

Ordered by the House of Commons to be printed on 9th December 2021

HC 288

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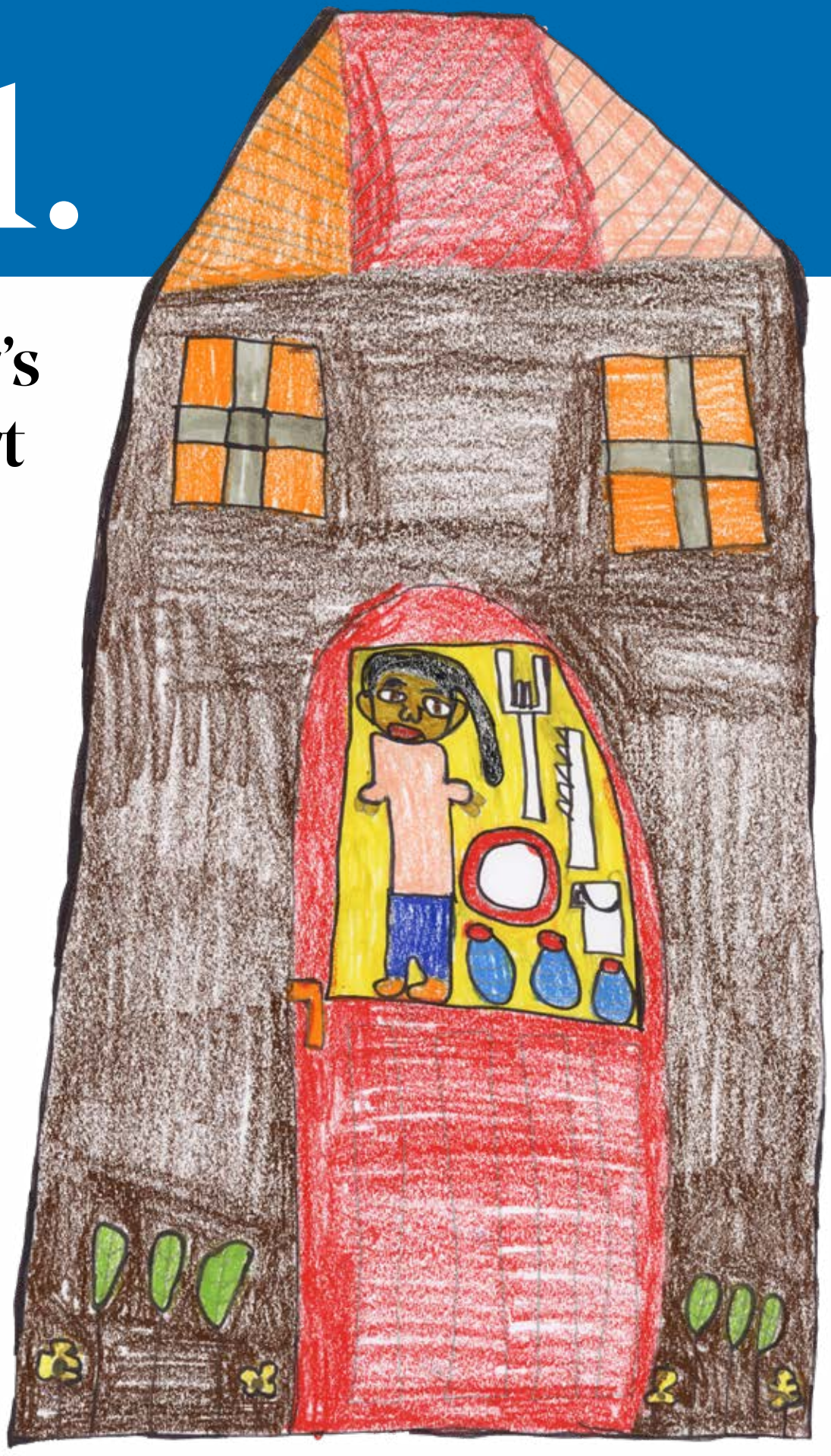
01.

Chair's report



Sir Nicholas Serota CH

CHAIR, ARTS COUNCIL ENGLAND

This Annual Report gives an account of the Arts Council's response to Covid-19. In doing so, it covers perhaps the most unusual and testing period in our 75 year history. In normal times we invest public money to strengthen the cultural sector and ensure that more and more people can enjoy the benefits of creativity and culture. Over the last year, our mission has been to preserve the cultural sector from total collapse.

At the beginning of the pandemic, we moved quickly to marshal resources, using our reserves and available strategic funds to create a £160million Emergency Response Fund, which was designed to help artists and cultural organisations survive the initial shock of closure. Through this Fund we awarded £17.1million to 7,484 individuals, £47.4million to 2,182 organisations outside the Arts Council's National Portfolio, and £33million to 195 National Portfolio Organisations and Creative People and Places cohorts, alongside £6.25million to a series of cultural sector benevolent funds for distribution to individual artists and performers.

However, this investment could only help organisations survive the first few months of the crisis, notwithstanding the valuable support that the Chancellor had given to all working businesses through the furlough scheme. We were therefore extremely grateful in July when the Government announced their initial £1.57billion Culture Recovery Fund (later increased by £300million). Under the aegis of the Culture Recovery Board, the Arts Council has worked to distribute this support alongside Historic England, the National Lottery Heritage Fund, the British Film Institute, and the other UK Arts Councils.

The first round of awards from the Fund, announced in October, was designed to help cultural organisations weather the continuing financial hardships caused by lockdown. This round was made up of two sets of grants totalling £430million, £165million of repayable loans offered to organisations requesting more than £3million, and another set of grants totalling £60million to help organisations restart and complete capital projects which had accrued extra costs because of the pandemic.

We announced a second round of awards at the beginning of April 2021, consisting of £261million of grants and £81million of repayable loans. These awards were designed to meet the needs of cultural organisations as they begin to reopen in the period from April to July 2021. A third round, which was announced in the summer, will focus on the evolving needs of the sector between July and December as we begin to rebuild and address questions of what a more stable future for culture might look like.

Distributing this investment has been a huge undertaking, and has required a transformation in our ways of working. We have successfully handled more than 27,000 grant applications (to be compared with 17,000 in a normal year), enabling us to distribute awards at an unprecedented speed to meet the urgent needs of the sector. We have also processed a 60% increase in customer service enquiries, and redesigned our National Lottery Project Grants, Developing Your Creative Practice and Artsmark programmes to address the evolving needs of artists and cultural organisations during the pandemic. The willingness of

colleagues across the organisation to support this work while also fulfilling their usual roles and adapting to the challenges of working from home has been a vital part of our response. I pay tribute to the leadership given by the senior executive team under Darren Henley and to the commitment and dedication of staff across the whole organisation.

I also want to again extend my thanks to the Culture Secretary at the time, Oliver Dowden, to Chancellor of the Exchequer, Rishi Sunak, and to our colleagues at DCMS for their support. The Culture Recovery Fund is the biggest single investment in culture in the UK's history, and the cultural sector would not have survived in any recognisable form without it.

It also demonstrates that the Government understands the fundamental role culture plays in the life of people in his country and the contribution that it will make to recovery in all parts of the United Kingdom.

At an individual level, taking part in creative activities is at the centre of many people's social lives, and is essential for their health and wellbeing. Indeed, the disappearance of individual and collective engagement in culture is one of the things that has made this pandemic so difficult for many people. In its absence we appreciate more than ever the importance of being able to gather and share experiences that show us something out of the ordinary, and encourage us to view the world in a different light.

Culture is also integral to the strength of communities around the country. In recent years we have the seen the regenerative impact of culture on such diverse places as Margate, Hull, Stoke-on-Trent and Waltham Forest in East London. At a time when high streets are suffering from the decline of retail, cultural organisations are often located in a place where they can bring desperately needed visitors back into town centres. They can also be hugely beneficial for local economies, as creative businesses find innovative new purposes for disused spaces, which generate productive and rewarding jobs in areas that have lost traditional industries.

Culture has a similar role in the national economy. Last year we published our latest report into the economic value of culture by the Centre for Economic and Business Research. It found that the cultural sector contributes more to the economy than agriculture, forestry and fishing combined, and will add £13.5billion in 2022, rising to £15.2billion by 2025. Cultural organisations form an indispensable pipeline for the talent, skills and ideas that fuel the wider creative industries and the CEBR report suggested that an agile cultural and creative sector would make an invaluable contribution to our economic recovery.

The cultural sector also makes a huge contribution to England's international prominence in fields such as visual arts, film, TV, music, theatre and video gaming, which has an incalculable benefit for our international reputation and soft power.

The pandemic has shaped our year, but the events and debates following the murder of George Floyd, and the recognition that racism continues to be an issue in the UK as well as in America, caused the National Council to look again at whether it was doing enough to address the barriers to enjoyment and engagement in the arts that race and disability create for many people in this country. It has established Race and Disability Advisory Groups, each led by a member of National Council with support from Area Council members, which will help to develop policy and initiatives that address the issues.

As we emerge from the pandemic the work of the Arts Council will be shaped by our 10 Year Strategy, *Let's Create*. It sets out three Outcomes and four Investment Principles that will inform how we work up to 2030.

The Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country – set out the impact we want to have, and the kind of country we want to help create. It is one where every person has the chance to develop their own creativity, and where all of our communities are able to make the most of the benefits culture can deliver. They will be supported by a cultural sector that harnesses the full range of our country's talent, and collaborates with the best artists and cultural organisations from around the world to strengthen our position as an international leader in the arts and creative industries.

The Investment Principles – Ambition & Quality, Inclusivity & Relevance, Dynamism, and Environmental Responsibility – describe the kinds of organisations that we want to invest in to help us get there. They are organisations that strive to produce extraordinary creative work, drawing on the talents of people from every background and every part of the country, in spaces where everyone feels welcome. They are conscious of the environmental impact of their work, and they are innovative in their use of public funding, leveraging their skills in finance and technology to deliver the exciting programmes that represent the best possible return on the investment that is being made by taxpayers and National Lottery players.

The four Principles have guided us throughout this crisis, and they will be at the heart of our work as we begin to rebuild. In the coming years, the Arts Council will need to help organisations adapt their business models to address the challenges of the post-pandemic world in a way that supports their social and environmental responsibilities. We will need to work harder than ever to remove the barriers people face in taking part in culture, some of which have been exacerbated by the pandemic. And we will need to encourage the kinds of research, development and collaboration which have necessarily taken a backseat during this crisis, but which are so essential for the creative progress that drives our sector forward.

None of this will be easy, but I believe that the Arts Council can rise to the challenge. The Arts Council was born out of crisis, having been founded in 1946 to help culture to flourish in the aftermath of the Second World War. Back then, the cultural sector proved it had much to offer to a nation healing from an unprecedented trauma. Covid-19 is of course a crisis of a very different kind. But if we give artists and cultural organisations the support they need, if we do everything we can to make sure that culture is relevant to everyone, if we continue reaching for the heights that we know our sector is capable of achieving, then culture can once again help us, as a nation, to grieve for those we have lost, restore our faith in the future, and begin to move forward.

02.

Chief Executive's report

Dr Darren Henley OBE

CHIEF EXECUTIVE, ARTS COUNCIL ENGLAND

As we come to the end of our second year of living with Covid-19, I am cautiously optimistic about the prospect for culture and creativity in England. We all hope that the coming months will see audiences continuing to return and visitor numbers grow as we begin to heal from the damage wrought by the pandemic.

But as we look forward, we should also acknowledge the sustaining role that the arts, museums and libraries have already played throughout this crisis. I have always believed in the power of culture as a force for good, and it has been heartening to see the lengths to which cultural organisations have gone to over the last year to continue making a positive impact on the world around them.

There have been many brilliant displays of innovation and community spirit. English National Opera, for example, produced the world's first fully staged drive-in opera at London's Alexandra Palace, which was also broadcast on Sky Arts. Meanwhile, the National Holocaust Centre in Nottinghamshire developed an app which takes primary school pupils inside the journey of a Kindertransport refugee, allowing them to access the museum's interactive approach to learning at home. Liverpool literature charity the Reader launched a telephone reading project to support isolated older people, while staff at Suffolk Libraries even went as far as to record a bespoke audio book for one of their elderly users who wanted to listen to her favourite childhood story.

The fact that there has been such demand for cultural organisations to continue their work, even during this crisis, demonstrates the enormous value that people place on culture. It also reminds all of us at the Arts Council why we do what we do. Although our work may sometimes appear technical or bureaucratic, the big picture is about one thing – making people happier.

There is huge potential for culture to continue doing that as we emerge from the pandemic. People are feeling isolated and disconnected after a year of lockdown. Many of us feel uncertain about how to readjust to a more normal way of life. Community spirit and social lives have been superseded by the need for safety, and town centres have been hollowed out by the collapse of retail businesses, an ongoing process accelerated by Covid-19.

Culture can help us to thrive again. Museums, libraries, theatres, galleries, music venues, arts centres and other cultural organisations can provide opportunities for people to make connections with those around them, to express their feelings about what they have been through, and to feel pride in where they live. They can strengthen community ties, bringing together people from different backgrounds to celebrate their creativity, shared interests, history and heritage.

That can only happen though, if culture makes an effort to reach a wider audience. Too many people in England still feel that culture isn't for them – they feel that a career in the creative industries is out of reach, they don't feel that their creativity is valued, and they don't feel welcome in cultural spaces.

So, there is more for us to do to make things fairer. The Arts Council invests money from taxpayers and National Lottery players who come from all kinds of backgrounds and live in villages, towns and cities across the country. We have to make sure that our funding delivers a return for everyone, in all parts of England, in a way that complements the Government's broader 'levelling up' agenda.

These inequities also prevent us from creating the strongest possible cultural sector, and deprive the country as a whole of the benefits that creativity can deliver. There are people who are every bit as talented as the artists we see in our most prestigious cultural institutions, but whose work remains unseen because they are unaware of the opportunities available and do not, therefore, access them. And there are a multitude of public health and social issues that could be addressed through cultural interventions, if only people from all communities felt there was something on offer they found meaningful.

Rectifying this imbalance is one of the core aims of our 10-year Strategy, *Let's Create*, which includes Inclusivity & Relevance as one of its four Investment Principles. This Principle is our commitment to making cultural spaces welcoming to people from all backgrounds, and ensuring that England's cultural sector reflects the demographics of the country as a whole – in the work it creates, in the leadership, governance and workforces of its organisations, and in the audiences it reaches.

Whether it's the work of our writers, actors, directors, dancers, choreographers, musicians, composers, painters, sculptors, producers, programmers or curators, we are famous the world over for our creativity. It is important that we invest in the cultural institutions that enable this work to happen every day. But it is also important that we invest in the people who make it happen too. So, at the Arts Council we want to develop all of our national talent, with people from villages, towns and cities right across England, people from every ethnicity, people with and without disabilities, people from every socio-economic background all having the chance to have their creative voices heard. That is the way that our national creativity will continue to thrive. It's how we will develop our national story of creativity, of innovation and of invention well into the 21st century.

Creating this kind of cultural sector is a win-win scenario. And it's not just about investing in the highest quality work – although this must always be the central pillar of what we do. It's also about fairness and opportunity. It means that we can draw on the broadest possible pool of talent to build a cultural sector that takes full advantage of England's unique history and diversity. It means that people throughout the country can enjoy the benefits of creativity and culture. And it means bigger, more engaged audiences for artists and cultural organisations. As a recent assessment of our Creative People and Places programme noted, 'if art pays attention to more people, more people will pay attention to art.'

But making the leap to this kind of sector will only be possible if we give our artists and cultural organisations the support they need to rebuild from the devastation of the pandemic. Our Delivery Plan for *Let's Create*, which we began publishing in March, outlines how we will begin to do that over the next three years.

The Delivery Plan focuses on the areas that we believe are in most urgent need of attention if we are to make the vision of *Let's Create* a reality. It covers our plans to help organisations to adopt 'fit for the future' business models, the ways we will support cultural sector freelancers, our commitment to enabling international touring and collaboration, and the work we will do to encourage the arts to contribute to placemaking and levelling up, as well as discussion of the internal changes that will need to happen at the Arts Council to support these actions.

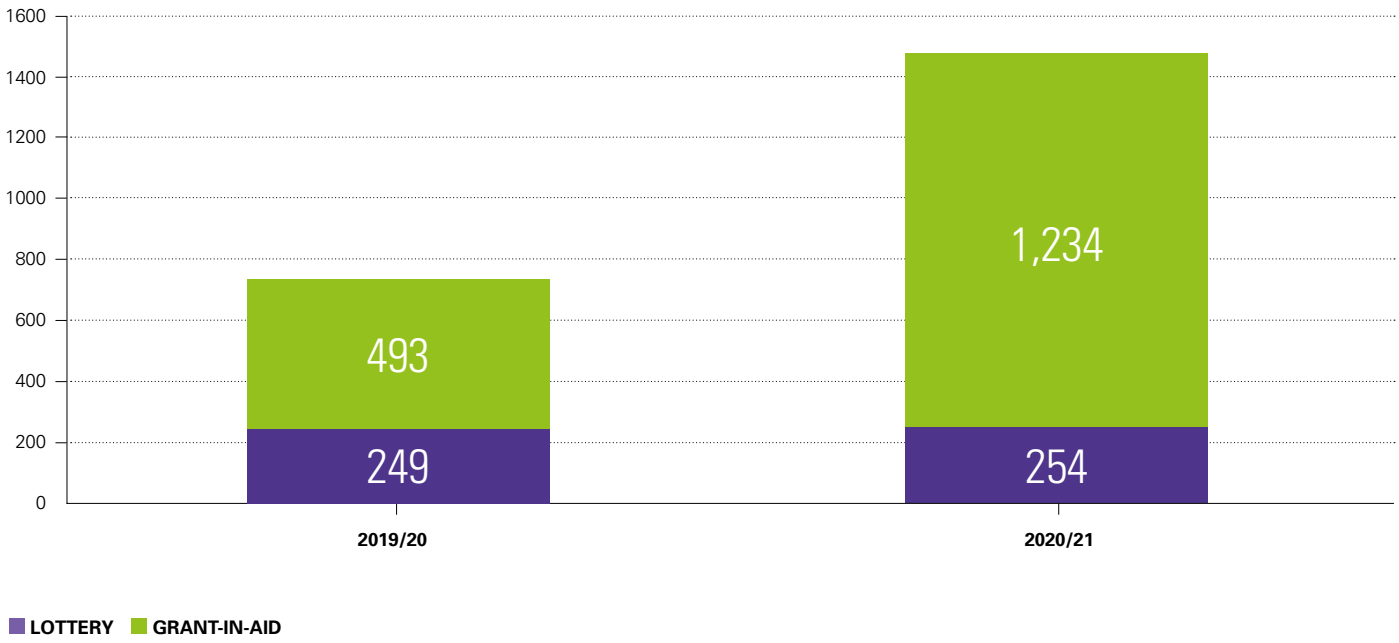
There have been questions about whether now is the right time to set out such ambitious plans for the future. It is true that many cultural organisations are still focused on survival rather than creating work. But it is equally true that

most are also looking to the future. They know that they have to innovate in order to remain relevant to their audiences in the aftermath of the pandemic, to make art that responds meaningfully to such an enormous crisis, and to capitalise on the social, economic and technological trends emerging from a year of social distancing.

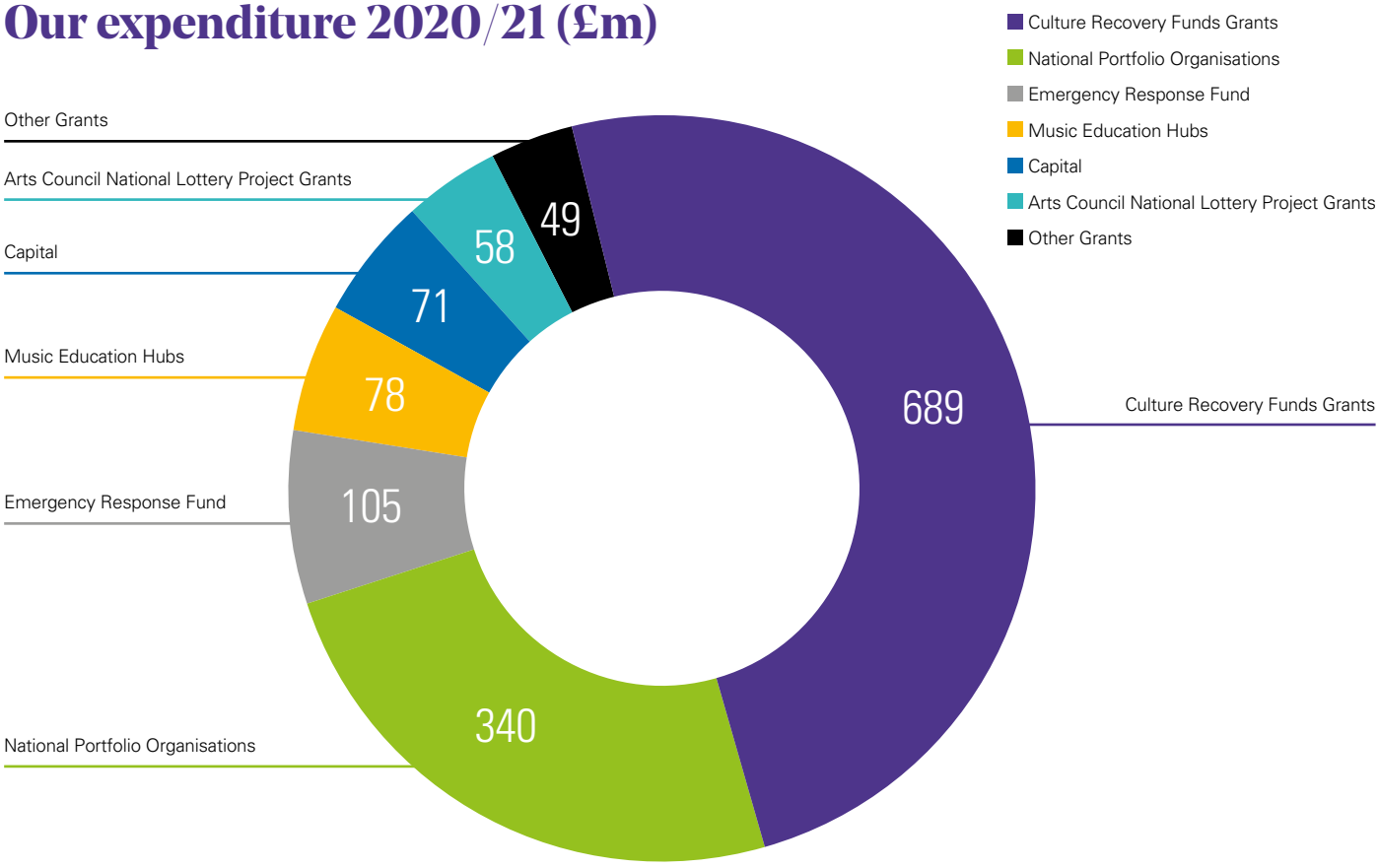
In these circumstances, it is right that Arts Council England leads the way. We do not have the option of going back to how things were; we need to be ambitious, and to do everything in our power to make the most of this unique moment in history. With the ideas and actions set out in *Let's Create* and its Delivery Plan, I believe we are doing just that.

Our key numbers for 2020/21

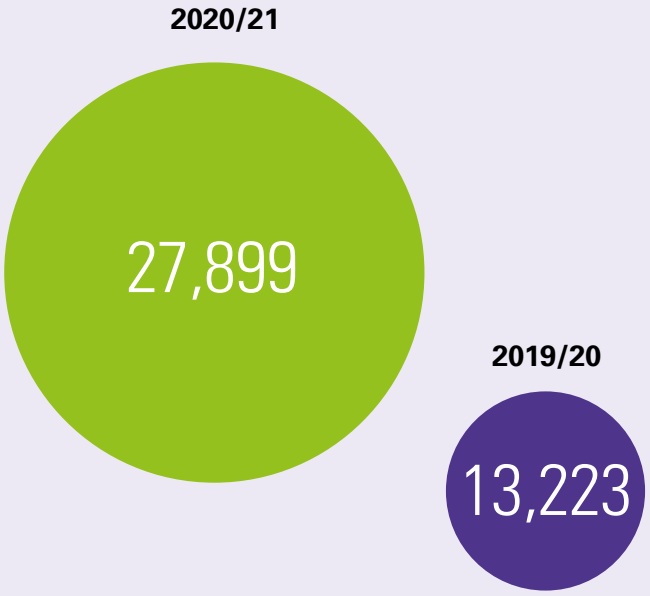
Our total income (£m)



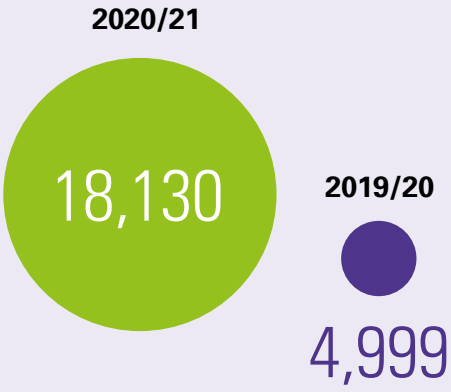
Our expenditure 2020/21 (£m)



NUMBER OF APPLICATIONS PROCESSED

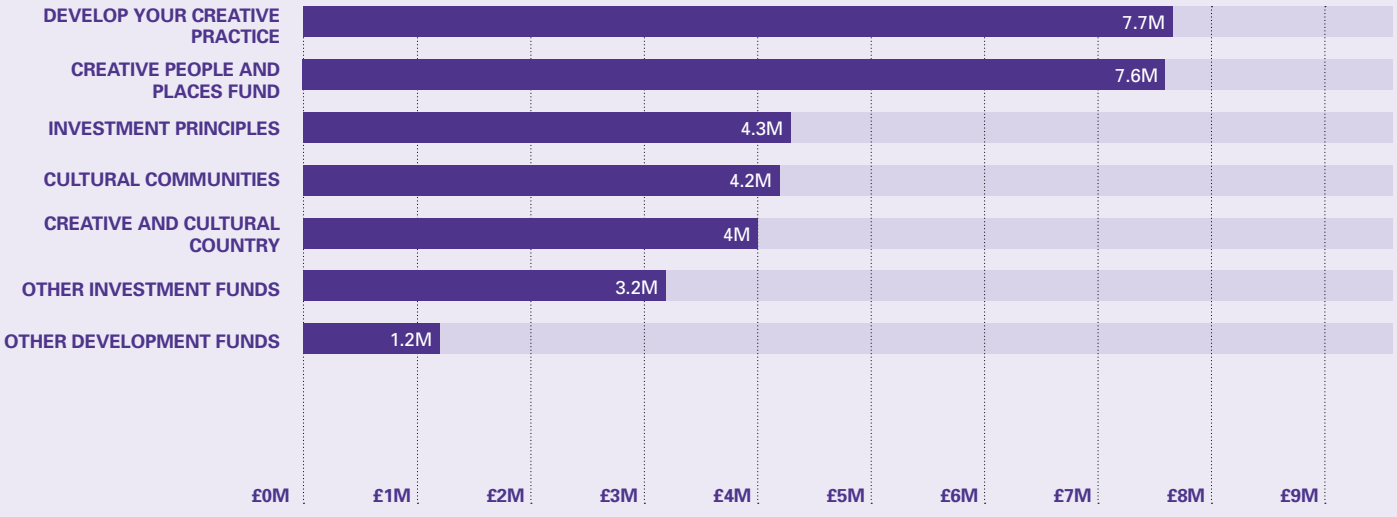


NUMBER OF GRANTS AWARDED



Investment and Development Funds

The Investment and Development Funds awarded by Arts Council England during 2020/21 were as follows:



The value and number of grant awards by funding source and high-level budget category are set out below:

ARTS COUNCIL PROGRAMME EXPENDITURE 2020/21 COMPARISON TO 2019/2020:	2020/21 £M	2019/20 £M	2020/21 NUMBER OF GRANTS	2019/20 NUMBER OF GRANTS	2020/21 AVERAGE VALUE £M	2019/20 AVERAGE VALUE £M
GRANT IN AID						
NATIONAL PORTFOLIO ORGANISATIONS	340	336	694	697	0.49	0.48
ARTS COUNCIL PROJECT GRANTS	2	–	79	21	0.03	0.01
DEVELOPMENT FUNDS	6	16	151	619	0.04	0.03
CAPITAL	69	27	77	50	0.90	0.54
MUSIC EDUCATION HUBS	78	77	150	124	0.52	0.62
OTHER RESTRICTED	11	11	98	78	0.11	0.14
CRF REPAYABLE FINANCE	252	–	36	–	7.00	–
CULTURE INVESTMENT FUND	8	–	9	–	0.89	–
CULTURE RECOVERY FUNDS GRANTS	689	–	4,421	–	0.16	–
EMERGENCY RESPONSE FUND	19	–	5,422	–	–	–
GIA CULTURE RECOVERY FUND GRANTS	–	–	7	–	–	–
LOTTERY						
NATIONAL PORTFOLIO ORGANISATIONS	–	1	–	149	–	0.01
ARTS COUNCIL NATIONAL LOTTERY PROJECT	58	102	2,867	4543	0.02	0.02
DEVELOPMENT FUNDS	22	77	880	134	0.03	0.57
CAPITAL	2	8	4	3	0.50	2.67
EMERGENCY RESPONSE FUND	86	–	4,440	–	0.02	–
TOTAL	1,642	655	19,335	6,418	0.09	0.10

Our organisation

HOW WE MAKE THINGS HAPPEN

578

FTE EMPLOYEES

92%
of staff in our November survey who agree technology has enabled them to do their job remotely

0.00%
Median Gender pay Gap as at 1st April 2020

14.3% Black, Asian or Ethnically Diverse employees. (5% increase over the last 3 years)

73%
of staff in our November survey who said they felt supported by ACE with their wellbeing.

9

OFFICES

7.60m²
space per FTE

Local presence with 9 offices across England

77% of our office space (and 71% of our workforce) is located outside Central London

Roll-out "Smart Working" project now complete, reducing costs

85

GOVERNANCE BODY MEMBERSHIP

15
National Council members

5
Area Councils

03.

Arts Council Performance 2020/21

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Inevitably, this year's Annual Report will look different to previous years.

At the beginning of 2020 we published our new 10-year Strategy, *Let's Create*. It marks a change in how we talk about our objectives as an organisation, moving from the five Goals of the previous Strategy, *Great Art and Culture for Everyone*, to a set of three Outcomes:

- Creative People – ensuring that everyone has the chance to develop and express their own creativity
- Cultural Communities – making sure that people in villages, towns and cities across the country have access to the highest quality cultural experiences
- A Creative and Cultural Country – enabling England's cultural sector to be innovative and collaborative, and able to support our country's creative industries, national economy and place on the world stage

To support achievement of these outcomes, we have adopted four Investment Principles:

- Ambition & Quality
- Inclusivity & Relevance
- Dynamism
- Environmental Responsibility

The Investment Principles describe the kind of cultural sector we want to build, and the sorts of organisations that we believe are worthwhile recipients of public investment – those that are welcoming to people from all backgrounds and committed to creating the highest quality work, in a way that is both sustainable enough to continue in the long term and flexible enough to respond to challenges as they arise.

These Outcomes and Investment Principles are the guiding force behind our plans to help the cultural sector recover from the pandemic and build a better future for creativity and culture in England.

This year's performance section has two parts. It begins by examining our progress against objectives around our response to Covid-19, which have been informed by the Outcomes and Investment Principles of *Let's Create*. The second part is a selection of case studies, which highlight how we have begun to work towards the *Let's Create* Outcomes despite the Covid-19 pandemic.

Our Covid-19 response objectives

When the impact of the pandemic on the sector became apparent in March 2020, we established three objectives to help us support the sector.

The first of these was to **secure the creative and cultural ecology over the short term**. As soon as lockdown restrictions began to be discussed, it was clear that they would have a devastating impact on the cultural sector. We would therefore need to ensure that our cultural organisations and freelancers could weather the immediate financial hardships caused by the pandemic.

The second was that in **designing and delivering the relief programmes, we take into account the impact that the pandemic is having on different communities**. We knew that people from certain backgrounds and locations faced more barriers to accessing cultural experiences and working in the sector, and that this would likely be made worse by the pandemic. Given what we know about the benefits of access to creativity and culture, and our belief that diversity is an essential part of enabling the highest quality cultural work, a commitment to fairness and inclusivity in our response was essential.

The third objective was to **provide a fast and flexible response to support the sector through the impact of the pandemic**. Since the situation was changing rapidly, we needed to make sure that the Arts Council worked as flexibly as possible, so we could adapt and respond to events as they unfolded. This would help us to meet the changing needs of the people and organisations who rely on our funding, and put our staff in the best possible position to support the sector by enabling them to work effectively from home.

By working towards these objectives, we believe we have been able to make the best use of our limited resources and help put the cultural sector in the strongest possible position to bounce back as we begin to move on from this crisis.

Part One: Our Pandemic Response in 2020/21

OBJECTIVE 1: SECURE THE FINANCIAL RESILIENCE OF THE CREATIVE AND CULTURAL ECOLOGY OVER THE SHORT-TERM

£923m

DISTRIBUTED

18,134

AWARDS

14,903

INDIVIDUALS SUPPORTED

EMERGENCY RESPONSE FUNDS

Shortly after the first lockdown began, we announced our Emergency Response Funds to help cultural organisations and freelancers survive the financial hardship they were facing. Supporting the sector in this way meant we had to distribute large amounts of funding at an unprecedented speed, and required substantial changes to our usual processes.

Lockdown
23 March

ERF Announced
24 March

Guidance published
31 March

Round 1 portal opened: **7 April**
Round 2 portal opened: **16 April**

Decisions: Rolling over 4 weeks
Payments made within 10-14 days of submitted bank details

£17.1m

INDIVIDUALS

£33.6m

NPO/CPP ORGANISATIONS

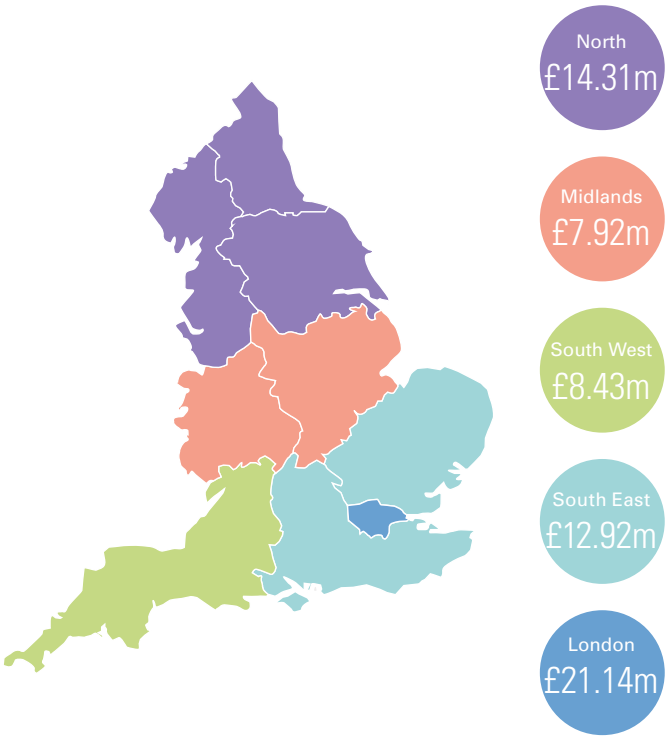
£47.6m

ADDITIONAL ORGANISATIONS

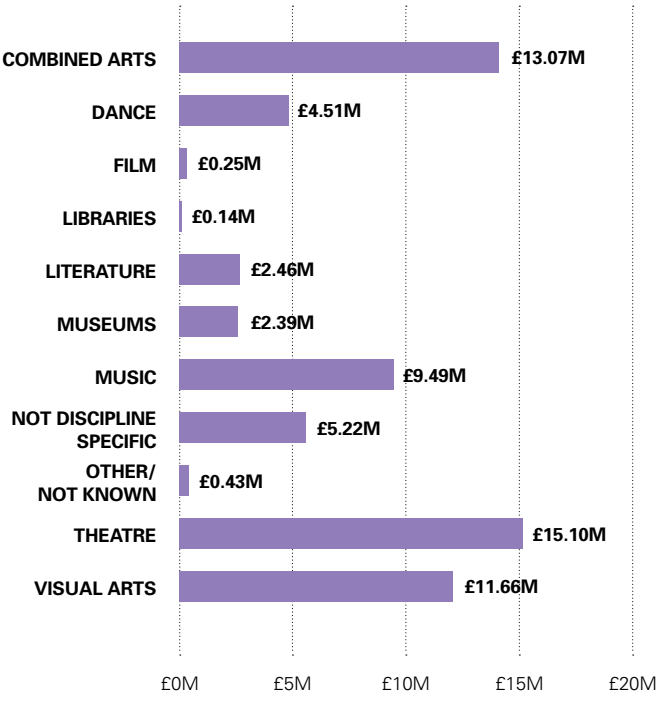
The Emergency Response Funds were divided into three funds, one focusing on individual creative practitioners, another on organisations without a regular funding relationship with the Arts Council, and a third directed at our regularly funded National Portfolio Organisations and Creative People and Places organisations. Funds one and two opened in April and the third opened in May, with awards announced from June.

To support this work, we suspended our National Lottery Project Grants and Developing Your Creative Practice programmes, as well as our Development Funds for 2020/21. The budgets for these funding streams were reallocated to the Emergency Response Funds, along with nearly all our reserves. We also adapted payment conditions for all National Portfolio Organisations for six months from March to September and agreed to extend the current Portfolio by a year (to run until 2022/23), with a light touch application process.

Almost 90 per cent of the budget for the Emergency Response Funds came from the National Lottery, with the remainder made up of our core Government funding.



Amount awarded by discipline



EMERGENCY RESPONSE FUNDS FOR INDIVIDUALS AND ORGANISATIONS OUTSIDE OF THE NATIONAL PORTFOLIO

13,6k	9,665	71.1%	£64.72m
Applicants	Awards	Applications Awarded	Awarded

SECTOR ENGAGEMENT, RESEARCH AND EVIDENCE

While delivering the Emergency Response Funds, we also worked closely with Government, the cultural sector, and external stakeholders to gather evidence about the impact of the pandemic. This included holding a series of virtual round table meetings with representatives from across the sector, focusing on a variety of disciplines and themes.

We shared this evidence with the Department for Digital, Culture, Media and Sport to support the case for Government intervention to help the cultural sector. It also fed into our own thinking and planning around how the Arts Council could best support the sector in the future as we look to move from crisis into recovery.

CULTURE RECOVERY FUND

In July, the Government announced its £1.57 billion Culture Recovery Fund (increased to £1.96 billion in February's budget) to support the sector through the pandemic. In England the grant making process has been delivered by Arts Council England, the National Lottery Heritage Fund, British Film Institute, and Historic England.

CULTURE RECOVERY FUND **£1.57BN**

of which Arts Council distributed **£750m** through

Culture Recovery Grants **£687m**

Round 1: **£423m** (2,013 awards)

Round 2: **£265m** (2,279 awards)

Emergency Grassroots Music Venues **£3.37m** (136 venues across the country)

Capital Kickstart Fund **£58.9m** (74 awards)

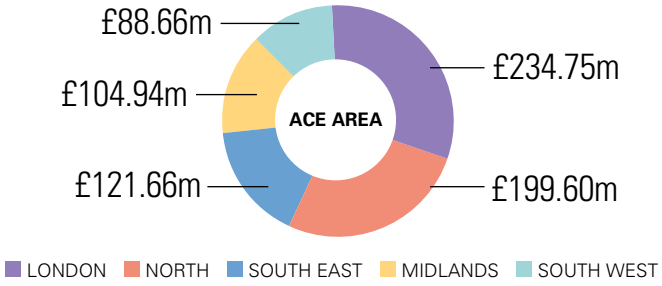
The first round of the fund was designed to help cultural organisations address the initial financial shock of closure. For this round, the Government made up to £500 million available for the Arts Council's Culture Recovery Fund: Grants programme, with a further £270 million available as Repayable Finance. Repayable Finance was administered on behalf of DCMS and overseen by an independent, decision making body. This round also included an Emergency Grassroots Music Venues Fund, and a Capital Kickstart fund to help organisations restart capital projects that had accrued extra costs because of the pandemic.

Applications to the Grants, Repayable Finance and Capital Kickstart programmes opened in August 2020, and we received over 3,000 applications.

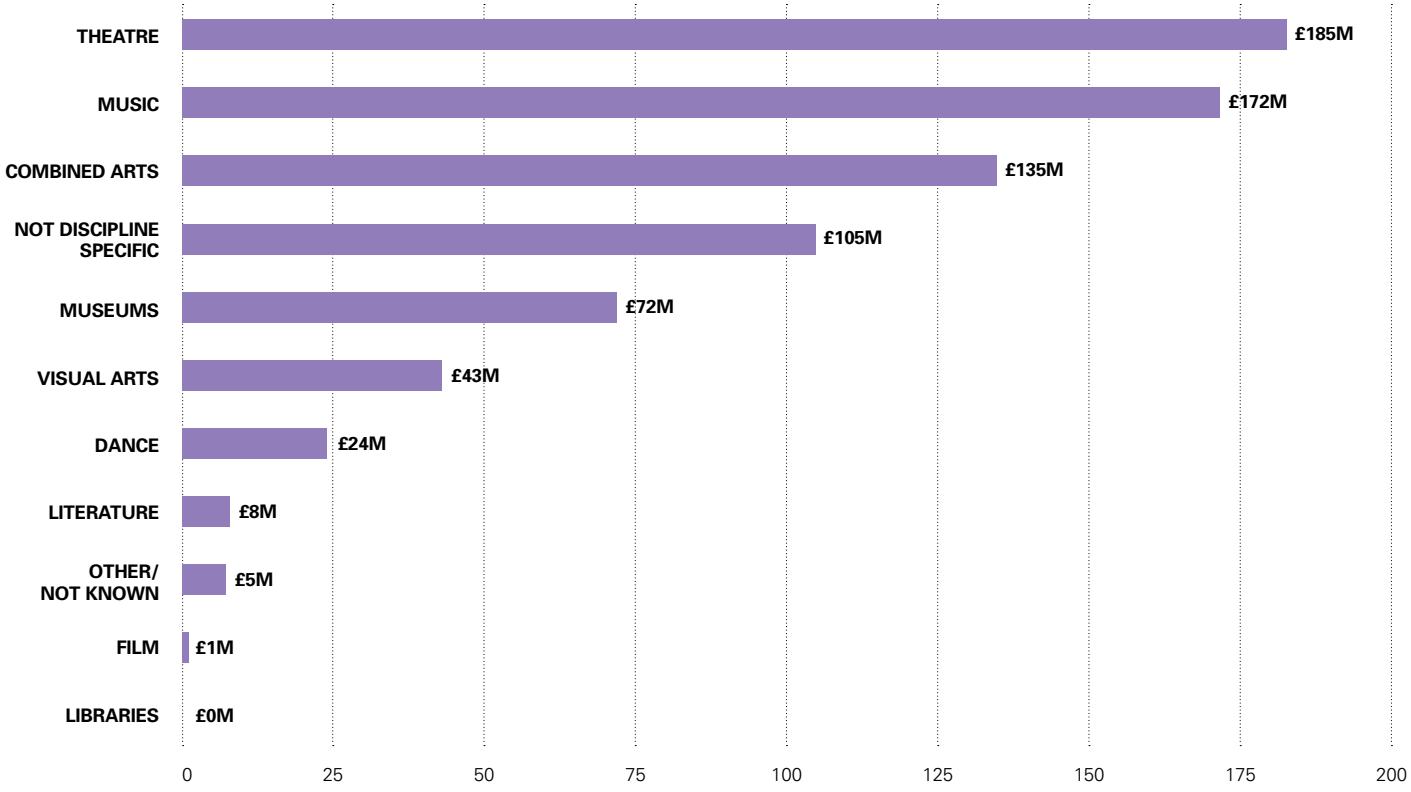
The second round of the Culture Recovery Fund was announced in December 2020. It was made up of another round of Grants and Repayable Finance, and was intended to support cultural organisations' transition back to a viable and sustainable operating model between April and June 2021.

4,502
Number of Awards

£749,605,196
Awarded Amount



CULTURE RECOVERY FUND ROUNDS 1 AND 2 (EXCLUDING REPAYABLE FINANCE) – DISTRIBUTION OF FUNDS BY AREA



CULTURE RECOVERY FUND ROUNDS 1 AND 2 (EXCLUDING REPAYABLE FINANCE) – DISTRIBUTION OF FUNDS BY ARTFORM

SUPPORTING INDIVIDUALS

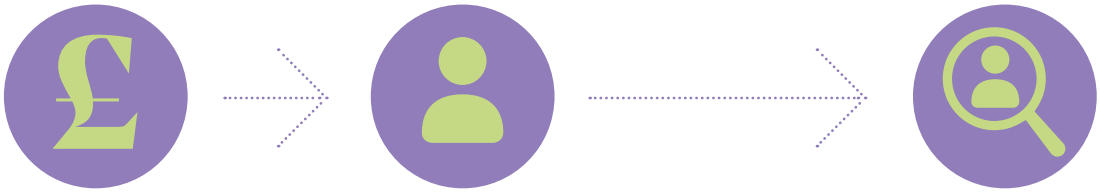
£17.1m	£6.25m	£21.6m	£7.3m
EMERGENCY RESPONSE FUNDS	**BENEVOLENT FUNDS**	**PROJECT GRANTS 20/21**	**DEVELOPING YOUR CREATIVE PRACTICE ROUND 8**
7,500 awards	**about 5,000 awards**	**1,682 awards**	**824 awards**

Every part of the cultural sector relies heavily on talented freelancers. We knew at the beginning of the pandemic that protecting cultural organisations would be vital for supporting these freelancers, to ensure there would still be employers for them as the sector re-opened. However, we also recognised the need to provide support directly to freelancers, who, much like organisations, required time to stabilise and plan how to continue their practice under the constraints of Covid-19.

We therefore decided to use our remaining resources to provide more direct support to freelancers, complementing the Culture Recovery Fund's focus on organisations.

In July, we reopened our National Lottery Project Grants programme, aiming to award at least 50 per cent of all Project Grant awards under £15,000 to individuals. We redesigned several aspects of the programme to make it easier for freelancers to access, such as removing the requirement for applicants to demonstrate a minimum of 10 per cent match funding. We also expanded the fund's focus to accommodate the unusual circumstances of the pandemic and to allow both individuals and organisations to use Project Grants to support time to think, plan and test new ideas.

UNDER £15,000 NATIONAL LOTTERY PROJECT GRANTS: AWARDED TO INDIVIDUALS



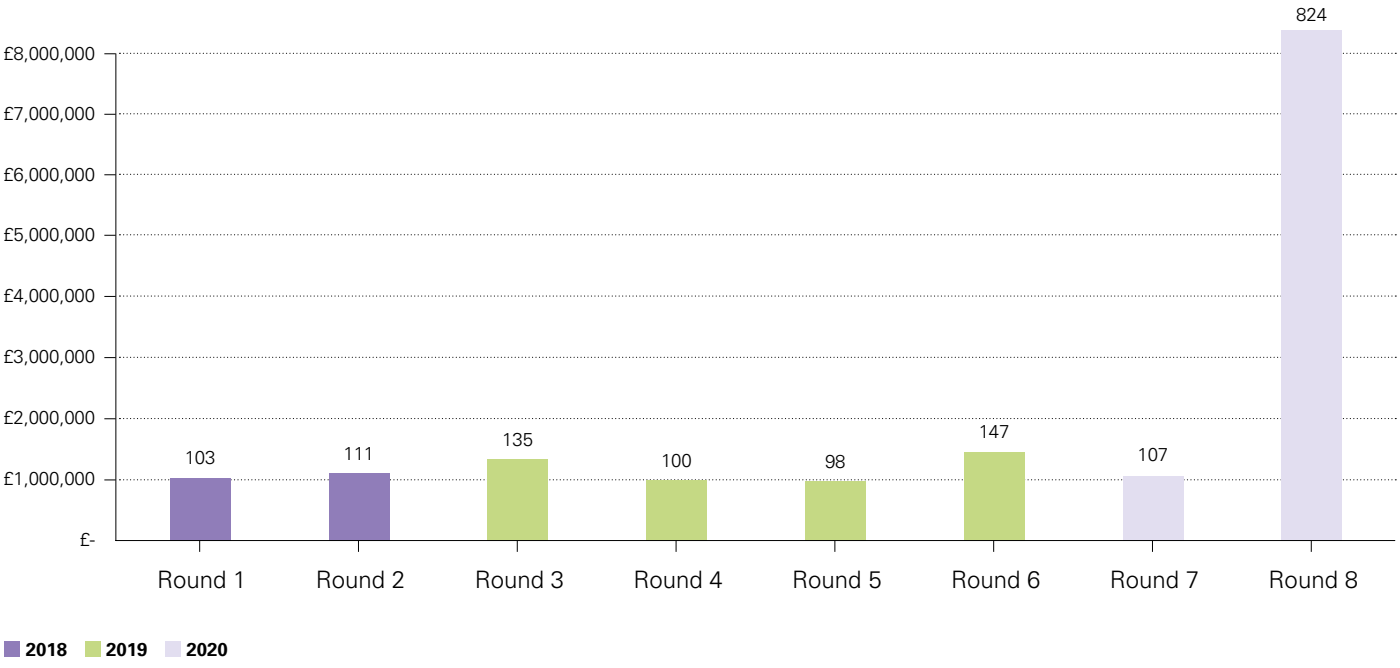
£19.39 million awarded...

...to **1,575** individuals

...meaning **64.7%** of all under £15,000 Project Grants went to individuals

In October 2020 we also reopened Developing Your Creative Practice, our programme specifically designed to support cultural freelancers. Again, we broadened the programme's scope to enable more freelancers to access the fund, removing the limitations on how many times an individual can apply in a 12-month period. We also increased the programme's budget by £18 million, and as such have significantly increased the number of people supported by these awards compared to previous years.

DEVELOPING YOUR CREATIVE PRACTICE: AWARDS MADE 2018-2020



OBJECTIVE 2: IN DESIGNING AND DELIVERING THE RELIEF PROGRAMMES, TAKE INTO ACCOUNT THE IMPACT THAT THE PANDEMIC IS HAVING ON DIFFERENT COMMUNITIES

3,579

AWARDS TO BLACK, ASIAN AND ETHNICALLY DIVERSE APPLICANTS

2,198

AWARDS TO D/deaf AND DISABLED APPLICANTS

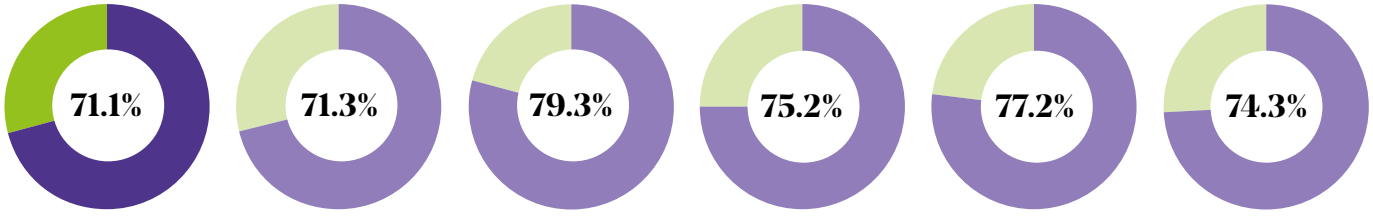
2,290

AWARDS TO APPLICANTS FROM AREAS OF LOW ENGAGEMENT

EMERGENCY RESPONSE FUNDING MADE TO D/DEAF OR DISABLED-LED ORGANISATIONS OR INDIVIDUALS AND BLACK, ASIAN AND ETHNICALLY DIVERSE-LED ORGANISATIONS AND INDIVIDUALS

D/deaf OR DISABLED INDIVIDUALS OR DISABLED-LED ORGANISATIONS
BLACK, ASIAN AND ETHNICALLY DIVERSE INDIVIDUALS OR BLACK, ASIAN AND ETHNICALLY DIVERSE-LED ORGANISATIONS

EMERGENCY RESPONSE FUNDS SUCCESS RATE BY PROTECTED CHARACTERISTICS AND ENGAGEMENT



Applicants offered funding

% of individuals offered funding who are **in the 20% of local authority areas that are the lowest engaged with the arts**

% of **D/deaf or disabled led organisations** offered funding

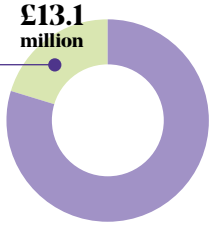
% of **Female individuals and led organisations** offered funding

% of **LGBT individuals and led organisations** offered funding

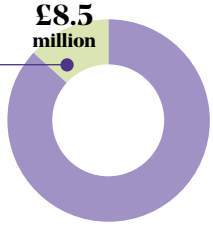
% of **Black, Asian and Ethnically Diverse individuals and led organisations** offered funding

AMOUNT OF EMERGENCY RESPONSE FUNDS AWARDED TO INDIVIDUALS AND ORGANISATIONS OUTSIDE OF THE NATIONAL PORTFOLIO, BY PROTECTED CHARACTERISTICS

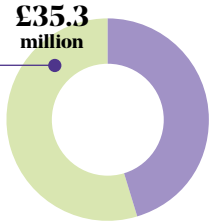
Awards made to Black, Asian and Ethnically Diverse applicants



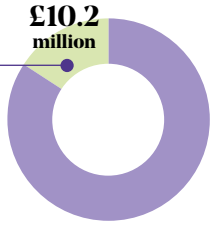
Awards made to D/deaf and disabled applicants



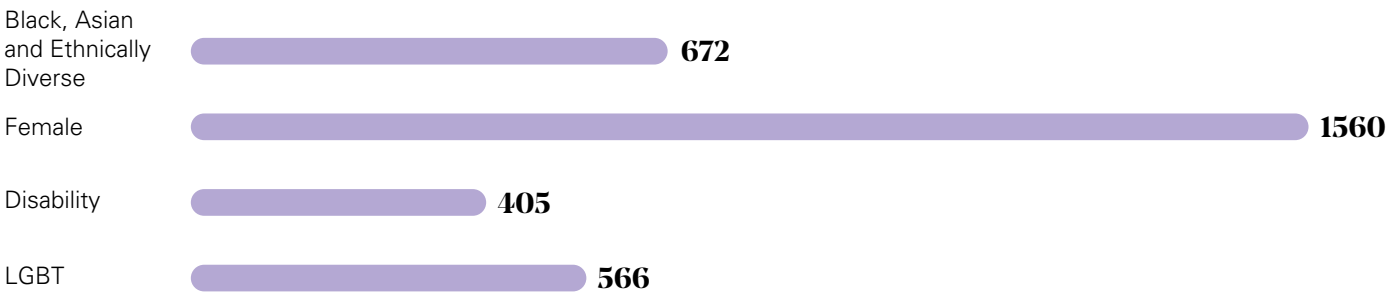
Awards made to female applicants



Awards made to LGBT applicants



PROJECT GRANT AWARDS BY PROTECTED CHARACTERISTICS



INDIVIDUALS MAY IDENTIFY BY MORE THAN ONE PROTECTED CHARACTERISTIC, THEREFORE PROPORTIONS MAY EXCEED THE TOTAL

From the outset of the pandemic through to the peak of the first wave, evidence began to emerge on the disproportionate impact of Covid-19 on people from certain protected characteristic groups. Many of these groups have also been identified as priorities for our work around *Let's Create*, for example people from Black, Asian and Ethnically Diverse backgrounds, disabled and D/deaf people people and those from less privileged socio-economic backgrounds. We are continuing to develop a process to introduce socio-economic monitoring into our data and intend to roll this out across all programmes by the end of 2021.

When developing and delivering our Emergency Response Funds, we focused on our commitment to ensuring fairer access to funding, as well as our responsibilities under the public sector equality duty. We took a number of measures when designing the Emergency Response Funds to reflect this such as:

- ensuring access support was available for disabled and D/deaf applicants
- setting a higher application ceiling of £3,000 for disabled and D/deaf applicants applying for grants as individuals, to account for additional access support requirements if successful
- prioritising support for disabled-led organisations as part of our balancing criteria
- producing the guidance in a range of alternative formats including Easyread, British Sign Language and large print
- running two rounds for applications, to allow more time for anyone who needed longer to develop their proposal

We also commissioned research on the impact of Covid-19 on the cultural workforce, to look at the effects of the pandemic on people from protected characteristic groups. When we became aware of concerns that cultural sector workers with protected characteristics were losing their jobs at a higher rate than others, we shared guidance around employers' duty of care to their workforce, and in particular employees with protected characteristics.

We also developed a series of equality objectives, which questioned whether any decision we took throughout 2020/21 would help to/in:

Equality Objectives 2020-21

Improving access to the sector for disabled, neuro-divergent and D/deaf workers, audiences and participants
Ensure funded organisations and projects improve and can demonstrate meaningful engagement with Black, Asian and Ethnically Diverse workers, audiences and participants
Challenging racism and embedding anti-racism values across all of the Arts Council's policy and funding decisions
Address specific disadvantages facing Children and Young People and Older People as a result of Covid-19
Improving access to creative and cultural activities to those from lower socio-economic backgrounds

Using these objectives helped us assess how our work supported the communities most impacted by the pandemic and responded to inequity across the cultural sector.

When we reopened National Lottery Project Grants, we were particularly keen to support projects that closely aligned with our equality objectives, which we supported by prioritising applications from individuals and removing the requirement for successful applicants to contribute 10 per cent of the project costs through match funding. We also continued assessing the equality impact of all our other funding programmes to ensure we met our legal duties.

OBJECTIVE 3: PROVIDE TARGETED, REACTIVE AND FLEXIBLE RESPONSE TO SUPPORT THE SECTOR THROUGH THE IMPACT OF THE PANDEMIC

111%

INCREASE IN APPLICATIONS PROCESSED

263%

INCREASE IN GRANTS PROCESSED

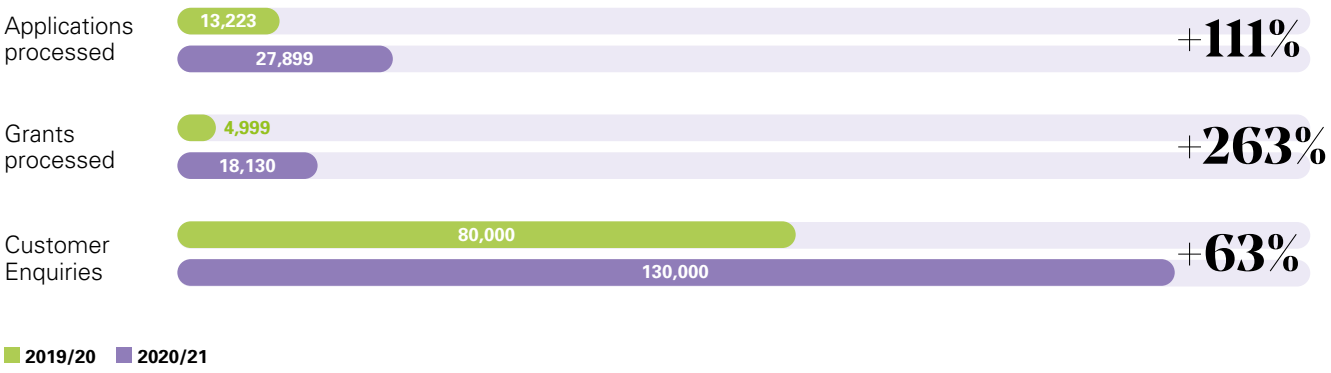
63%

INCREASE IN CUSTOMER SERVICE ENQUIRIES

This year the Arts Council has been challenged on two fronts as our focus moved to supporting the sector through the impact of the pandemic. We have seen significant shifts, firstly in the scale and urgency of our work, and secondly, in our working practices following the closure of all our offices.

The nature of our work has been different to that of any other time in the Arts Council's history, as we have been responding to a national crisis, processing a huge number of grants at a vastly increased speed to help prevent the collapse of the cultural sector.

ARTS COUNCIL'S DELIVERY 2020/21 COMPARED TO 2019/20



Early in the pandemic, we reprioritised our resources and redesigned many of our working processes to maximise our capacity for the increased workload. This ensured we could maintain business continuity while also administering the Emergency Response Funds and Culture Recovery Fund.

Business continuity

The Arts Council administers several statutory functions on behalf of Government, including Export Licensing, the Government Indemnity Scheme, the Acceptance in Lieu and Cultural Gifts schemes, and the Reviewing Committee on the Export of Works of Arts and Objects of Cultural Interest. Most of these functions rely on paper-based processes; however, we were able to either continue or reopen schemes after a brief pause by moving to a digital model.

Export Licensing Unit	January – October 2020	
	5,764 export licence applications received	**5,075 licences issued**
Government Indemnity Scheme	1 April 2020 – 31 March 2021	
	624 indemnities issued for 21,832 items	**Total value of indemnities £11.5bn**

The Export Licensing Unit had to close to applications at the beginning of the pandemic as it was unable to process paper licences while working from home. However, after launching a redesigned digital licence process, the Export Licensing Unit restarted work on 27 May, and was able to support the sector through the changes that occurred at the end of the transition period following the UK's exit from the European Union. Since then, the Export Licensing Unit has been providing the same high standard of customer service to exporters as before the pandemic, helping to facilitate trade in the UK art and museum sectors.

The Government Indemnity Scheme remained open, adapting its procedures overnight to extend existing cover, provide alternative cover for postponed, cancelled or rescheduled exhibitions, and issue new indemnities and renewals, as well as developing guidance to help the sector continue to meet the Scheme's requirements.

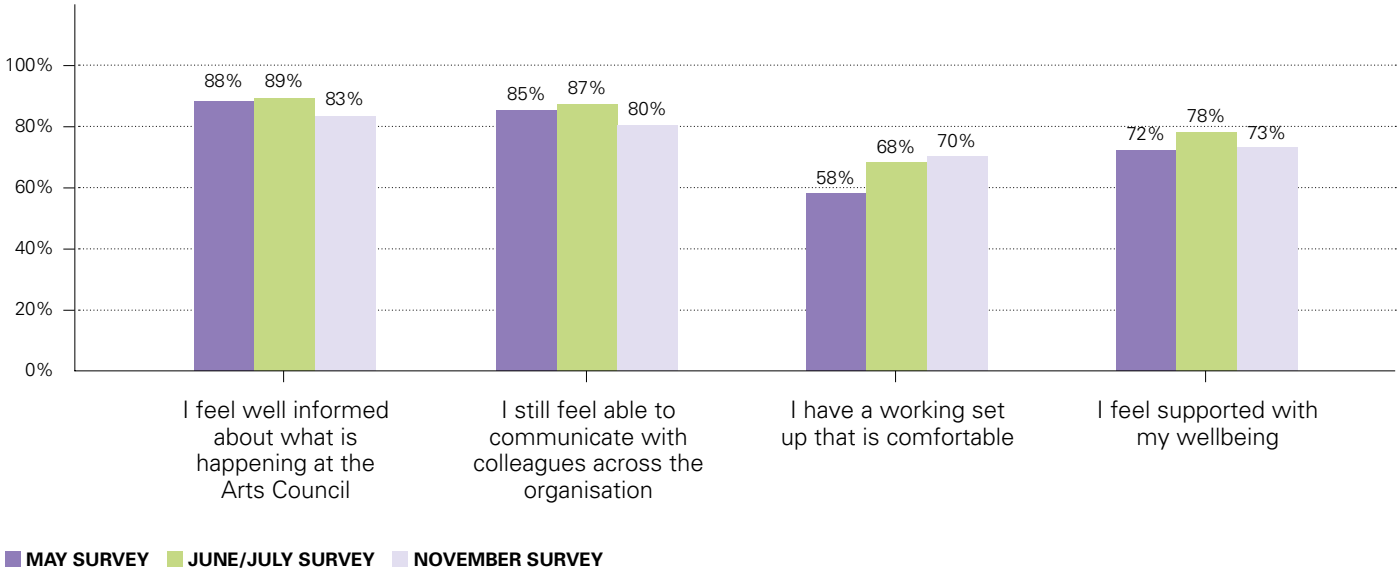
Working from home

Like many organisations, our staff have been unable to access our offices for the last year, and we have had to adapt to working from home.

Before the pandemic we had already begun to roll out smart working processes, and we were exploring how technology could help our staff to be more productive and effective, while encouraging collaboration and a work-life balance.

The closure of our offices has accelerated this process, and we have had to provide our staff with resources and tools to complete all of their work from home. Our IT team worked tirelessly to ensure staff were appropriately equipped and supported when we first shifted to homeworking, and since then to keep us connected, optimise our system performance, and keep our systems and data secure.

Staff wellbeing has been at the heart of our considerations. We have put in place various measures to support our employees' wellbeing, and make sure they feel connected and informed about our priorities and our work. These measures have contributed to high levels of staff satisfaction during a very challenging year.



Part Two: *Let's Create* Outcomes

The second part of this performance section illustrates how we have begun to approach the Outcomes we want to achieve with our 10-year Strategy, *Let's Create*.

Although *Let's Create* was published at the beginning of 2020, the full implementation of the Strategy was deferred to allow us to support the cultural sector through Covid-19. However, creative practitioners and cultural organisations have still delivered a variety of programmes that supported the Outcomes of *Let's Create*, some of which are highlighted in the case studies below.

Outcome 1 – Creative People

Everyone can be creative, and each of us has the potential to develop our creativity further. Taking part in creative acts such as singing, photography or writing delights and fulfils us, and helps us to think, experiment, and better understand the world.

CASE STUDY: The Way I See It

The Way I See It is the Arts Council's new online gallery, developed in partnership with Google Arts & Culture. It provides a world-wide platform for the creativity and imagination of children and young people, recognising them as artists.

During the 2020 school summer holidays, children and young people across the country were invited to take part in 'Summer Challenges' designed to capture and showcase their creative responses to the pandemic.

These challenges were devised by five cultural organisations.

BALTIC Centre for Contemporary Art in Gateshead encouraged young people to create sculptures, poetry, films and animations exploring the things they care most about in this world and what they might want to change, while Heart n Soul in South London delivered *Do Your Own Thing* sessions that supported young people with learning disabilities to create music, dance, radio, and visual art pieces for the gallery.

North London's Company Three asked them to create video performances about how it felt to be a teenager living through such a momentous period. In the West Midlands, Dancefest challenged young people to submit a 30-second film showcasing something they had learnt during lockdown.

English National Opera's challenge saw children across the country making work based on the concept of an aria – a single character sharing their inner emotional world and thoughts with an audience. A poem inspired by *The Way I See It* was written by spoken-word artist Kieron Rennie and performed as part of a BBC Two broadcast of Mozart's *Requiem* live from the London Coliseum.

In October, the open access digital exhibition of over 220 works was launched, bringing together an inspiring, powerful and eclectic mix of art which championed the positive role of culture during the pandemic and celebrated the next generation of creative talent. Much of the artwork in this report is from *The Way I See It.*

CASE STUDY: 'Let's Create' Packs

When schools closed in Spring 2020, the Arts Council wanted to make sure that children most in need of support had access to art supplies at home.

Through our network of 10 Bridge organisations, we worked with charities, community groups, food banks and

schools across the country to get 'Let's Create' packs to as many young people as possible. The packs provided art materials and accessible activities that children could complete without specialist equipment or supervision. Supplies in packs varied and offered lots of scope for being creative; however each contained materials for mark making (pencils, pens, paper) and a sheet of simple creative ideas for children devised by Global Teacher Prize winner, Andria Zafirakou.

The Arts Council provided funding and co-ordinated with suppliers, while Bridge organisations worked with schools and other local organisations to create and distribute as many packs as possible to the areas where they were needed most. Thanks to their work, 44,960 packs were delivered to children and families across England between May and October 2020, many of whom were living in poverty or were considered vulnerable, including children in care.

Recipients of the *Let's Create* packs had many positive things to say. Parents said that children were excited to receive them, that they 'absolutely loved them' and 'got a lot out of them'.

CASE STUDY: Music Education Hubs, Norfolk

Throughout 2020, music-making has been more important than ever for many people, providing a creative release as well as a means of socialising with friends and other musicians online. That can be especially true for young people, and Music Education Hubs have worked hard during lockdown to remain accessible to pupils across the country.

Norfolk Music Education Hub was one of many organisations that responded quickly to the challenges brought by social distancing by developing a range of digital resources and virtual events. They also collaborated with new partners and Hubs across the country on exciting projects.

One remarkable project they led was *Virtual Big Sing*, a digital concert which brought together over 100,000 children and young people from 37 Music Education Hubs. Organisers are planning to repeat the event on an even bigger scale in 2021. Another success for the Hub was *Rapunzel the Lockdown Pantomime* which reached over 200,000 children and young people in December 2020.

Providing more events and resources online has helped Norfolk Music Education Hub significantly increase the size and diversity of their audiences, communicate with partners, and offer more digital activity than ever before. They intend to continue this approach, alongside in-person tuition and events, after the pandemic.

Outcome 2 – Cultural Communities

Culture and the experiences it offers can have a deep and lasting effect on places and the people who live in them. Investment in cultural activities and in arts organisations, museums and libraries helps us improve lives, regenerate neighbourhoods, support local economies, attract visitors and bring people together.

CASE STUDY: Thriving Communities Fund

In November 2020 we launched the Thriving Communities Fund, an investment programme designed to promote social prescribing in communities around the country. The Fund focuses especially on the people and communities that have been hardest hit by the pandemic, and the voluntary organisations that work with them.

In partnership with the National Academy for Social Prescribing, Historic England and Natural England, the Fund has so far allocated £1.8 million to 37 projects, which are aiming to reach over 100,000 participants.

CASE STUDY: Our Libraries in Lockdown

By 23 March, all public libraries in England had closed their doors, leaving many people with no immediate access to books, computers and other services offered by libraries.

To continue supporting the people who relied on them, libraries immediately started expanding the services they offered online, developing improved information services and live streaming activities such as Read and Rhyme sessions, Lego clubs and book clubs. Libraries Connected, a Sector Support Organisation, worked with qualified librarians to create Libraries From Home, a digital platform highlighting the best library resources and activities across the country.

Many library services used their 3D printers to produce personal protective equipment for frontline workers. Gateshead Libraries, for example, delivered over 2,000 pieces of equipment to their local hospital, as well as nearby care homes and adult social services organisations, while The Word in South Tyneside worked with mixed media artist Laura Jones to create visors for care workers.

Many other libraries took part in wider efforts to support vulnerable people in their communities through the hardships of lockdown. St Helens Cultural Hubs, for example, have supported their local community with projects including a letter writing service to maintain contact with isolated vulnerable people, and a home delivery service to allow housebound people to continue using the library's services, while Middlesbrough's Central Library was host of the #HelpBoro hub. Set up to coordinate community support initiatives at the beginning of the pandemic, the hub was supported by library staff who answered calls, dropped off shopping and prescriptions, and packed food parcels. They also produced a twice-daily storytelling broadcast to continue bringing the benefits of reading to local people, including a bedtime story with Tammy, one of the Community Hub librarians, and her dog Monty.

Outcome 3 – A Creative and Cultural Country

To achieve the first two Outcomes, we need a professional cultural sector that generates new ideas, works easily and effectively with others, and is adept at developing diverse talent from every community. It should aspire to be world-leading – in the way it makes art, in the imagination and expertise with which it makes exciting use of collections and develops libraries, and in the culture it creates and shares.

CASE STUDY: Synergy Dance

Synergy Dance is a company that offers dance, yoga and fitness programmes that are suitable for people of all abilities. A key part of their work is making sure there are no barriers to participation, and that the activities they programme are inclusive and accessible for people with Special Needs and Disabilities.

Disabled and elderly people are some of the groups least likely to take part in physical activity. They have also been more severely impacted by the pandemic than the general population, so Synergy Dance decided to produce specialist online content to address their needs

during the pandemic. As well as 230 online classes for general audiences, they have produced 174 classes for people with Special Needs and Disabilities. These include audio dance and yoga classes for blind and partially sighted people, and seated workouts, ParaStars Yoga® and ParaStars Dance™, which helped produce an increase in enrolments from disabled people during the second and third lockdowns.

The classes have helped participants to not only look after their physical health, but also to support their mental wellbeing, boost their confidence, and maintain connections with other people throughout the pandemic.

CASE STUDY: Tanya Raabe-Webber

Shropshire-based visual artist Tanya Raabe-Webber was awarded National Lottery Project Grants funding for her project *Practice in a Digital World*, which will work with more than 80 Disabled artists over an 18-month period. The project combines four interconnected strands, drawing particular attention to the pandemic's impact on the limited mobility of disabled people.

Tanya Raabe-Webber has supported artists to develop their practice through online studio group sessions, one-to-one workshops, and the postal service in the four project strands: *Collaborative Sketchbooks* – digital and handmade collaborative sketchbooks; *Country Side Special* – a series of self-portraits within a 10-mile radius of Tanya's home studio; *ArtStudio01* – home studio practices in an online studio space; and *Postcard Art Express* – an international creative postcard exchange. The postal and digital elements of this project were developed as a direct response to Covid-19 restrictions, helping remove barriers to creativity that Disabled and Neuro-diverse artists and creatives face.

As well as raising awareness of Disabled creatives, Tanya plans to develop and adapt her own skills as artist, collaborator and facilitator during the pandemic and beyond, and is looking to work collaboratively with disabled, neuro-divergent, Ethnically Diverse and D/deaf artists in her next project.

04.

Remuneration and staff report 1 April 2020 – 31 March 2021

PART-AUDITED INFORMATION

Tom
Samir's
Uncle

The remuneration report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts. The salary and pension disclosures for senior staff, the disclosures required by the Hutton Review and the Compensation scheme – Exit Packages have been audited.

THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting in May 2021 where decisions were taken about 2020/21 Executive Board and CEO remuneration, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Catherine Mallyon, Kate Willard and Michael Eakin.

COUNCIL MEMBERS' REMUNERATION

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council chairs, and our National Chair. Remuneration amounts are set by the Department for Digital, Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also chairs of Area Councils were entitled to remuneration of £6,659 each per annum during 2020/21 (2019/20: £6,527). During 2020/21 five members of National Council served as Area Council Chairs. The Chair's salary for the period 2020/21 was £40,000 (2019/20: £40,000). Remuneration and expenses paid to National Council members are shown in the table below:

EXECUTIVE DIRECTORS' REMUNERATION

For 2020-21, the Remuneration Committee awarded the Executive Directors a consolidated salary increase of 2.0 per cent – in line with the annual cost of living pay increase for all other Arts Council staff under the constraints of the Government's public sector pay cap. The CEO did not take a consolidated salary increase. For 2021-22 the Government announced a public sector pay freeze for those earning above £24,000.

All performance payments to Executive Directors are normally earned on the basis of exceeding performance objectives and overall contribution to the effective leadership of Arts Council England. This is assessed formally through an annual appraisal process and agreed at the Remuneration Committee. The Executive Directors were each awarded a bonus payment of £2,000 in respect of their performance in 2020/21. However, they waived their bonuses and donated the full amount to charity.

The Chief Executive was awarded a bonus payment of £17,499. He chose to donate £10,000 of this to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from backgrounds where it is unusual to enter higher education. The remaining amount was donated to the Arts Council's Staff Development Fund.

NATIONAL COUNCIL MEMBERS	POSITION	SALARIES	EXPENSES	TOTAL
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£38	£40,038
Prof Roni Brown	Chair – South East Area Council	£6,659	£0	£6,659
Ruth MacKenzie CBE	Chair – London Area Council	£6,659	£0	£6,659
Kate Willard OBE	Chair – North Area Council	£6,659	£247	£6,906
Helen Birchenough	Chair – South West Area Council	£6,659	£303	£6,962
Sukhy Johal MBE	Chair – Midlands Area Council	£6,659	£255	£6,914
Michael Eakin	Member	£0	£0	£0
Ciara Eastell OBE	Member	£0	£0	£0
David Joseph CBE	Member	£0	£0	£0
Catherine Mallyon	Member	£0	£0	£0
Andrew Miller MBE	Member	£0	£0	£0
George Mpanga	Member	£0	£0	£0
Elisabeth Murdoch	Member	£0	£0	£0
Paul Roberts OBE	Member	£0	£224	£224
Tessa Ross CBE	Member	£0	£0	£0
		£73,295	**£1,067**	**£74,362**

EXECUTIVE BOARD REMUNERATION REPORT

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley OBE Chief Executive	2020/21 2019/20	150 150	– 6	– –	30 33	**180** **189**
Laura Dyer MBE Deputy CEO (Places & Engagement)	2020/21 2019/20	126 123	– –	– 2	25 27	**151** **152**
Simon Mellor Deputy CEO (Arts & Culture)	2020/21 2019/20	126 123	5 0	– 2	25 27	**156** **152**
Elizabeth Bushell Chief Finance Officer	2020/21 2019/20	112 110	2 1	– 2	22 24	**136** **137**
Mags Patten Executive Director (Public Policy & Communications)	2020/21 2019/20	112 110	– –	– 2	22 24	**134** **136**
Francis Runacres MBE Executive Director (Enterprise & Innovation)	2020/21 2019/20	112 110	– –	– 2	22 24	**134** **136**
Richard Russell Chief Operating Officer	2020/21 2019/20	112 110	2 –	– 2	22 24	**136** **136**

The Hutton Review asks organisations to disclose the median remuneration of Arts Council England's staff and the ratio between this and the remuneration of the highest paid Director. The following calculation is based on the full-time equivalent staff number at the reporting period end date on an annualised basis and compares this to the normal annual remuneration of the Arts Council's CEO, Darren Henley.

	2020/21 £	2019/20 £
Highest paid Director's remuneration	**149,736**	149,736
Median remuneration	**32,615**	31,975
Ratio	**4.59**	4.68

THE RANGE OF STAFF REMUNERATION DURING THE YEAR WAS £18,678 TO £149,736 (2019/20: £18,311 TO £149,736). THE MEDIAN PAY INCREASED BY 2.0 PER CENT COMPARED TO 2019/20, BECAUSE OF THE ANNUAL PAY AWARD. HOWEVER, THERE WAS NO INCREASE IN THE 'HIGHEST PAID DIRECTOR'S REMUNERATION' AS THE CEO DID NOT ACCEPT A PAY RISE. NO STAFF RECEIVE ANY BENEFITS IN KIND.

COMPENSATION SCHEME – EXIT PACKAGES

Details of redundancies and other exit packages agreed during 2020/21 are as follows:

EXIT PACKAGE COST BAND	2020/21			2019/20		
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2020/21	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2019/20
< £9,999	1	–	**1**	1	–	1
£10,000 – £24,999	2	–	**2**	–	–	–
£25,000 – £49,999	1	–	**1**	1	–	1
£50,000 – £99,999	–	–	**–**	–	–	–
£100,000 – £149,999	–	–	**–**	–	–	–
Total number of exit packages by type	**4**	–	**4**	2	–	2
Total resource cost £000s	88	–	**88**	41	–	41

Redundancy and other departure costs have been paid in accordance with the provisions of the Arts Council's job security policy. The Arts Council pays exit costs when employment ends but provides for exit costs at the point when there is sufficiently detailed information to do so.

TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

In accordance with HM Treasury guidance on disclosure, the following disclosures set out the number of interim staff and the assurances given about tax status.

There were no new off-payroll engagements during 2020/21 for more than £245 per day and that had lasted for longer than six months.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021.

Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	–
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year	9

TRANSFER VALUES

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The calculation of the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

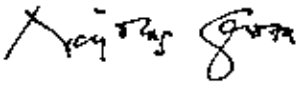
The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Arts Council Retirement Plan. They also include any additional pension benefit accrued to the member as a result of buying additional pension benefits at their own cost. Transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

INCREASE IN TRANSFER VALUE (NET OF INFLATION)

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2021 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2020/21 £000s	TRANSFER VALUE AT 31 MARCH 2021 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2020/21 £000s	TRANSFER VALUE AT 31 MARCH 2020 £000s
Darren Henley OBE Chief Executive	21 (62)	2 (6)	368	**23**	345
Laura Dyer MBE Deputy CEO (Places & Engagement)	51 (153)	2 (7)	1,016	**36**	997
Simon Mellor Deputy CEO (Arts & Culture)	22 (65)	2 (6)	484	**32**	446
Elizabeth Bushell Chief Finance Officer	31 (93)	2 (6)	542	**24**	525
Mags Patten Executive Director (Public Policy & Communications)	21 (62)	12 (35)	384	**20**	175
Francis Runacres Executive Director (Enterprise & Innovation)	28 (83)	2 (5)	605	**31**	570
Richard Russell Chief Operating Officer	44 (132)	2 (6)	881	**32**	860

This reflects the increase in transfer value that is funded by the employer net of the increase in accrued pension due to inflation. This increase also excludes contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement or purchased via an Additional Voluntary Contribution contract) and uses common market valuation factors for the start and end of the period.

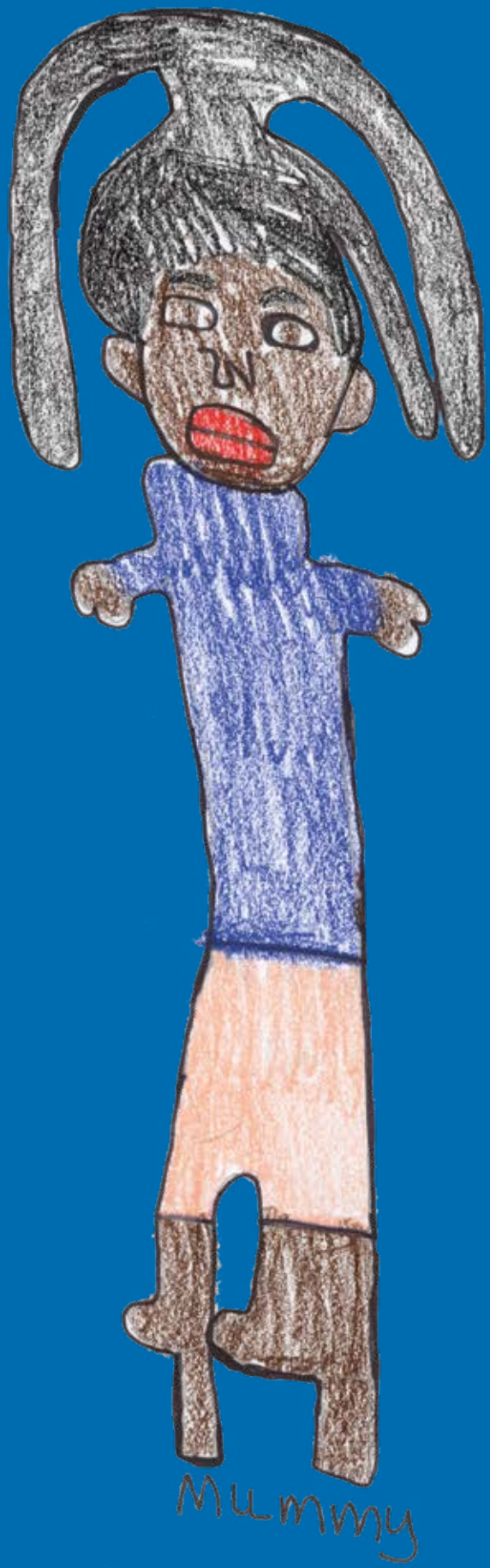
Dr Darren Henley OBE
Chief Executive
DATE: 30 NOVEMBER 2021



Sir Nicholas Serota CH
Chair
DATE: 30 NOVEMBER 2021

05.

Sustainability report



Daddy
Laurryn
Danielle
Matthew

The sustainability report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts.

OVERALL PERFORMANCE

All Arts Council England offices remained unoccupied for the entire 2020/21 financial year and our staff worked from home. However, it was not possible to 'mothball' our estate during this time due to the need to ensure offices could be brought back into use at short notice should guidance change. While the Birmingham office has been closed, we've taken the opportunity to replace the existing single-glazed windows with new double-glazed units.

Both travel and print showed significant reductions during the period and we will use the lessons learned during this time to inform policy and practice in these areas going forward.

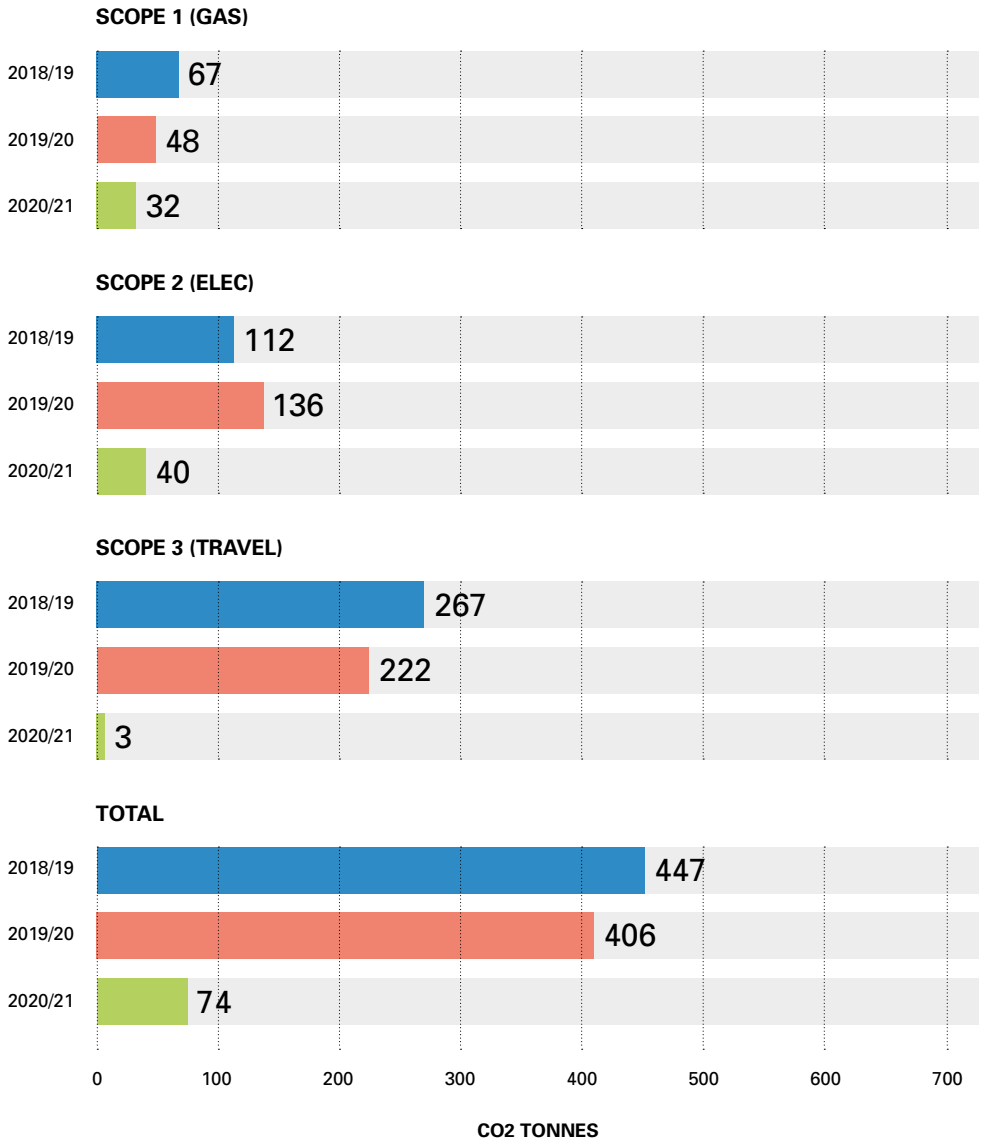
TRAVEL		2018/19	2019/20	2020/21
CO_2 (tonnes)	Rail	157	101	**1**
	Air	54	25	**–**
	Car	57	96	**2**
	Total	**267**	**222**	**3**
Cost (£)	Rail	822,069	743,173	**5,618**
	Air	34,767	20,251	**–**
	Petrol	72,535	122,992	**2,871**
	Total	**929,371**	**886,415**	**8,489**
Miles	Rail	2,199,887	1,526,460	**8,349**
	Air	271,405	159,606	**–**
	Car	181,337	307,481	**7,177**
	Total	**2,652,629**	**1,993,547**	**15,526**

WASTE		2018/19	2019/20	2020/21
Non-financial indicators (tonnes)	**Total**	326.67	320.32	**13.08**
	Landfill	0.40	0.24	**0.24**
	Reused/ recycled	326.27	320.08	**12.84**
Financial indicators (£)	**Total**	11,336	12,900	**7,743**
	Landfill	1,948	1,484	**537**
	Reused/ recycled	9,389	11,417	**7,206**

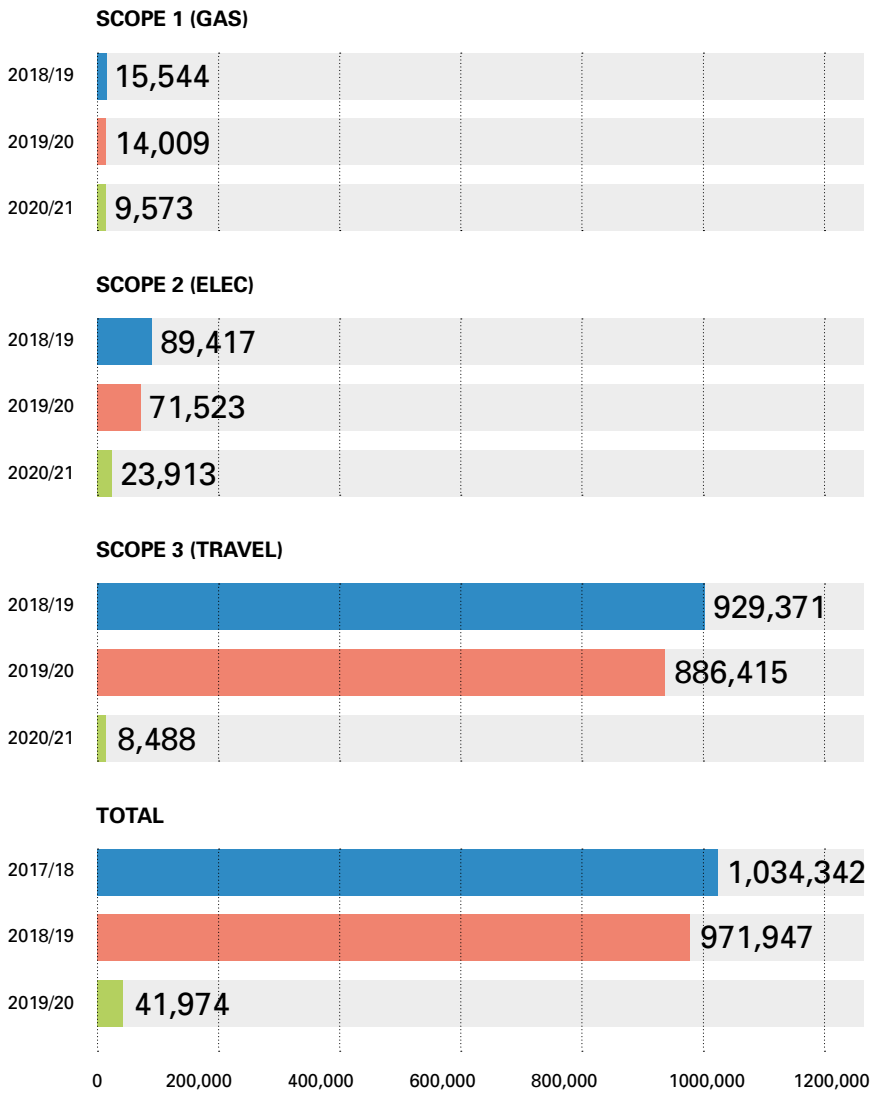
GREENHOUSE GAS EMISSIONS		2018/19	2019/20	2020/21
CO_2 (tonnes)	Total Gross Emissions (CO2)	179	184	**72**
	Gross Emissions Scope 1 (Direct)	66	48	**32**
	Gross Emissions Scope 2 (Indirect)	113	136	**40**
Energy Consumption (kWh)	Electricity	397,788	479,107	**139,564**
	Gas	359,287	263,503	**174,368**
Financial Indicators (£)	Expenditure Energy	104,962	85,532	**33,486**

FINITE RESOURCE CONSUMPTION		2018/19	2019/20	2020/21
Non-financial (m3)	Supplied	4,705.77	9,535.87	**1,465.38**
	Per Full Time Equivalent (FTE)	9.00	18.23	**2.59**
Financial Indicators (£)	Water Supply Costs (Office Water)	10,534	11,226	**5,752**

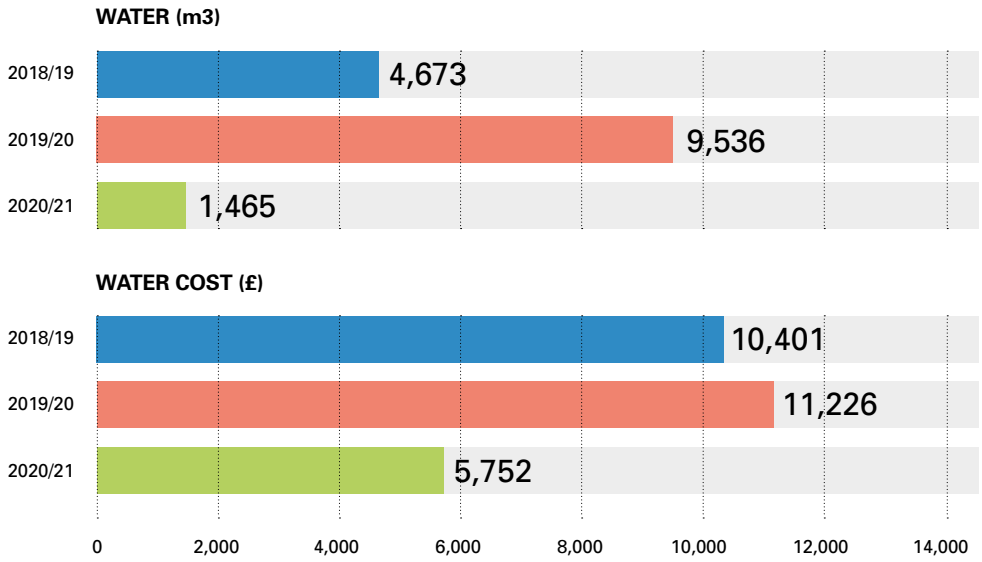
CO2 WHOLE ESTATE (TONNES)



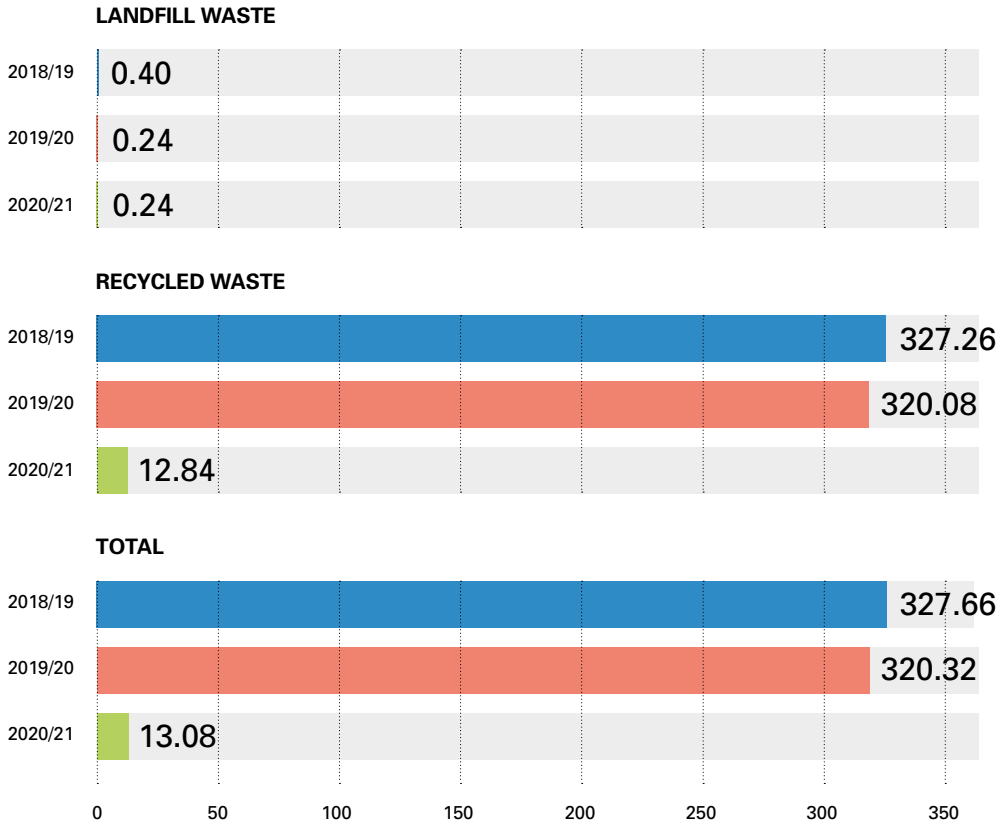
FINANCIAL EXPENDITURE (£)



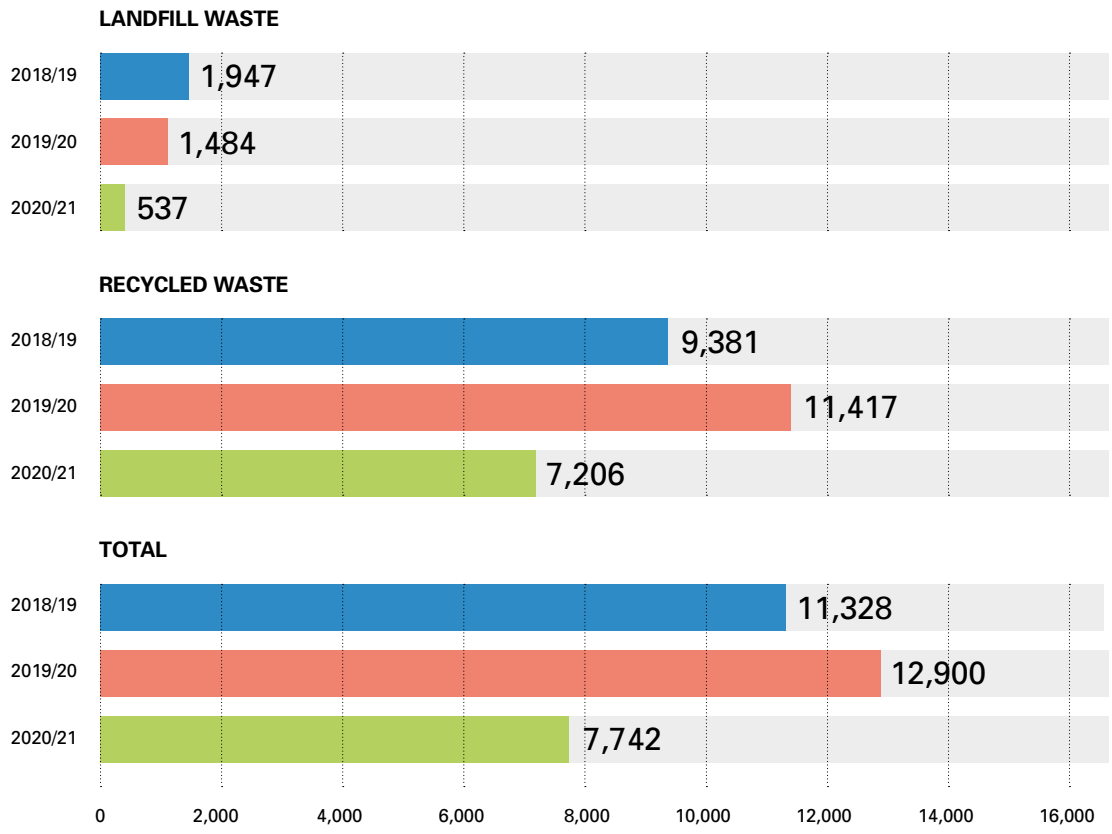
WATER USAGE (m3) AND EXPENDITURE (£)



WASTE – NON FINANCIAL (TONNES)



WASTE – FINANCIAL INDICATORS (£)



Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2021) data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs for travel have been taken from those produced by DEFRA.

We will continue to monitor and report progress on KPIs that have a direct impact on carbon emissions and our efficiency targets (e.g. office space utilisation).

06.

Trustees' report and management commentary

GOVERNANCE STATEMENT

Arts Council England was established by Royal Charter on 13 March 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2020 to 31 March 2021.

ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The current objects of Arts Council England as stated in its Royal Charter are to:

- develop and improve the knowledge, understanding and practice of the arts
- increase accessibility of the arts to the public in England
- advance the education of the public and to further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property
- advise and co-operate, where it is appropriate to do so, with Departments of our Government, our Scottish administration, the Northern Ireland Executive and the Welsh ministers, local authorities, the arts councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

The Royal Charter is at the core of our mission as reflected in our strategic framework, *Let's Create.*

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 14 to 33.

ARTS COUNCIL ENGLAND GOVERNANCE FRAMEWORK

Arts Council England is an arm's length non-departmental public body. It is also a registered charity. Accountability to Ministers is managed through the usual control mechanisms for arm's length bodies.

Arts Council England is regulated in accordance with a management agreement agreed with the Secretary of State for Digital, Culture, Media and Sport. This is supplemented by an agreement for the Provision of Services in Relation to Cultural Objects outlining the statutory framework for delivering the cultural property functions on behalf of the Secretary of State for Digital, Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

Arts Council England is fully compliant with relevant principles around governance best practice for public service and charitable bodies as set out in the *Corporate governance in central government departments: Code of good practice 2017.*

Arts Council England's Non-Executive Governance Structure

Arts Council England's governance framework consists of a National Council, five Area Councils, an Executive Board, and a number of committees and panels that National Council has delegated responsibilities to Area Councils, panels and committees as shown below:

National Council

(15 members including the Chair)

ROLE

— govern and hold overall authority for Arts Council England
— retain overall responsibility for the work and conduct of the organisation
— make decisions on Arts Council England's mission, objectives, priorities and strategies
— make decisions on grants above a certain threshold
— monitor delivery of 10-year strategic framework
— approve corporate plan
— approve Grant-in-Aid and Lottery accounts
— advocate for arts and culture and Arts Council England

Five Area Councils

(Chairs sit on National Council, 14 other members, including local authority reps, artists, and arts and culture practitioners)

ROLE

— advise on policy and strategy
— make decisions and recommendations on National Portfolio applications

Museums Accreditation Committee

(16-20 members)

ROLE

— make decisions on Accreditation status and applications from museums and galleries in the UK
— provide quality assurance
— advocate for the scheme

Performance and Audit Committee

(Chair sits on National Council, four National Council members and four independent members)

ROLE

— assess and advise on the organisation's financial risk, performance management, governance and value for money
— performs the responsibilities of an Audit and Risk Assurance Committee

Designation Scheme Panel

(10 members)

ROLE

— make decisions on Designation applications from museums, libraries and archives
— provide quality assurance
— advocate for the scheme

Remuneration Committee

(Chair sits on National Council, four other National Council members)

ROLE

— make decisions on senior executive salaries, bonuses and other terms and conditions

Acceptance in Lieu Panel

(6-24 members)

ROLE

— advise on items offered to the nation in lieu of Inheritance Tax or through the Cultural Gifts Scheme, on Conditional Exemption and on Immunity from Seizure

Arts Council Collection Acquisition Committee

(8 members)

ROLE

— advise on new additions to the Arts Council Collection with reference to the Acquisitions and Disposal and Collections Development policy

Non-Executive Governance

NATIONAL COUNCIL

MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Digital, Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience.

The composition of National Council in 2020-21 was as follows:

Sir Nicholas Serota CH
(CHAIR)

Professor Roni Brown
(SOUTH EAST AREA COUNCIL CHAIR)

Kate Willard OBE
(NORTH AREA COUNCIL CHAIR)

Helen Birchenough
(SOUTH WEST AREA COUNCIL CHAIR)

Sukhy Johal MBE
(MIDLANDS AREA COUNCIL CHAIR)

Ruth Mackenzie CBE
(LONDON AREA COUNCIL CHAIR)

Michael Eakin
Ciara Eastell OBE
David Joseph CBE
Catherine Mallyon
Andrew Miller MBE
George Mpanga
Elisabeth Murdoch
Paul Roberts OBE
Tessa Ross CBE

HIGHLIGHTS OF NATIONAL COUNCIL MEETINGS IN 2020/21

During 2020/21, National Council and its committees considered key strategic issues and routine business planning; the topics considered included:

- the National Portfolio Emergency Fund
- governance and business arrangements during the Covid-19 pandemic
- the Arts Council Collection storage
- the Culture Recovery Fund
- strategic risk updates
- the Social Prescribing Fund
- Area Council Appointments
- the Capital Emergency Fund (Kickstart)
- the Delivery Plan for *Let's Create*
- Acceptance in Lieu Panel
- Programme Budget
- Culture Investment Fund
- Extension of the National Portfolio Funding Period
- Quarterly Investment Risk Report
- Artsmark Trademarks

Further details about National Council's work during the year are available in the minutes from its meetings published on the Arts Council's website.

SUMMARY OF NATIONAL COUNCIL'S REVIEW OF ITS EFFECTIVENESS

National Council reviewed its effectiveness in 2020-21. As part of this it considered:

- The performance of the chair over the year
- How well it had adapted the way it worked in response to the pandemic
- How well it had steered the Arts Council's response to the pandemic
- Its terms of reference and whether any changes were needed.

National Council commended the way that it, its area councils and indeed the organisation had adapted to remote working and maintained its effectiveness during the pandemic. It was noted that National Council had moved swiftly to approve the Arts Council's emergency response package as soon as the impact on the sector had become apparent – by the end of March 2020.

During the year National Council continued to monitor the impact of the pandemic on the Arts and Culture sector meeting as often as needed. During these meetings council members provided vital intelligence on the impact of Covid-19 on the sector and the difference the package of measures was making on the ground.

National Council welcomed the Government's Culture Recovery Fund (CRF), which had provided valuable funds to the sector and commended the way in which the Arts Council had worked in partnership with the Department for Culture Media and Sport and the Culture Recovery Board to distribute CRF grants and loans.

Members had reflected on the establishment of its race and disability advisory groups, which had been set up to provide it with advice on how to respond to the impact of the pandemic on the D/deaf, neurodivergent, disabled, Black, Asian and Ethnically Diverse communities, and to ensure a focus on equality in the Arts Council's Delivery Plan for 21-24. They thanked the members of these advisory groups for their advice and noted the need to include feedback from the advisory groups as a standing item on National Council agendas.

For 2021-22 members were looking forward to returning to face-to-face meetings when it is safe to do so. They felt that it was important that there was a renewed focus on the implementation of the Arts Council's ten-year strategy – *Let's Create*, noting that the sector's recovery and reset following the pandemic would be key to delivering the strategy. As part of this renewed focus on the strategy, members emphasised the importance of National Council having an overview of the opportunities and challenges for various parts of the sector, such as museums, libraries, artforms, freelancers, and in different parts of the country.

National Council considered its terms of reference and noted that no changes were needed.

NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	14/14	–	–
Helen Birchenough	14/14	–	–
Professor Roni Brown	10/14	–	–
Michael Eakin	13/14	4/4	1/1
Ciara Eastell OBE	13/14	–	–
Sukhy Johal MBE	12/14	–	–
David Joseph CBE	10/14	–	–
Ruth Mackenzie CBE	10/14	–	–
Catherine Mallyon	11/14	2/4	1/1
Andrew Miller MBE	14/14	–	–
George Mpanga	13/14	–	–
Elisabeth Murdoch	13/14	–	–
Paul Roberts OBE	14/14	4/4	1/1
Tessa Ross CBE	14/14	–	–
Kate Willard	13/14	4/4	0/1
OTHER MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Claire Ashby	–	3/4	–
Clive Parritt	–	3/4	–
Tracy Staines	–	4/4	–

* Performance and Audit Committee attendance is inclusive of four meetings from 10th June 2020 to 13th April 2021, the latter being included as part of the 2020/21 schedule.

COMMITTEES AND SUB-COMMITTEES

Area Councils

There are five Area Councils covering the breadth of England and reflecting Arts Council England's operational structure, appointed to assist National Council in developing, championing and investing in the arts and culture.

They support and promote the organisation's mission and objectives by providing advice on draft policies, making funding decisions and acting as advocates for the arts and culture, creating a live connection at an area level.

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet five times a year.

Performance and Audit Committee

National Council has appointed a Performance and Audit Committee (PAC) to review and report on the systems of risk and internal control, governance and performance management.

The Performance and Audit Committee is chaired by Paul Roberts, a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year.

The Performance and Audit Committee responded flexibly in supporting the Arts Council through the 2020/21 crisis period of Covid-19, including keeping committee agendas under close review for rapid change and updating committee members with key organisational developments between meetings.

Key areas scrutinised by the Performance and Audit Committee during 2020/21 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets, and the Arts Council's risk management processes. The Performance and Audit Committee also considered the strength of our information security, fraud detection, and assurance on the Culture Recovery Fund (CRF).

There is currently a vacancy on the Committee but plans for recruitment were paused after the transition to the crisis working period of Covid-19. In January 2021 recruitment was reassessed by the Chair of the Committee. The decision was taken to advertise the vacancy with the aim of recruiting to ensure a range of skills on the Committee that would match the developing post-Covid-19 governance requirements of the major areas of ACE financial commitment.

At their Annual Review of Effectiveness in April 2021, Performance and Audit Committee decided their goals for the upcoming 2021/22 year would include: continuing to seek the appropriate balance between the two foci of Performance and Audit; considering major areas of Arts Council England financial commitment and the governance implications therein; effectively supporting and challenging the development of *Let's Create* and its first Delivery Plan; and seeking optimal ways of managing heavy business agendas in the developing context of Covid-19.

Remuneration Committee

National Council has appointed a Remuneration Committee to deal with the matters set out in the remuneration report. The Remuneration Committee normally meets annually. Further details on this committee can be found in the Remuneration Report.

Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

As Arts Council England's Accounting Officer, the Chief Executive is responsible for its overall efficiency and effectiveness and has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the internal auditors, the Deputy Chief Executives, and Executive Directors within Arts Council England, and comments from the external auditors in their management letter and other reports. The Accounting Officer may, on occasion, be required to give evidence to Parliament's House of Commons Public Accounts Committee.

Executive Board comprises of the Chief Executive, two Deputy Chief Executives, and four other Executive Directors. The Chief Executive is appointed by National Council with the approval of the Secretary of State for Digital, Culture, Media and Sport (DCMS).

Executive Board meets formally throughout the year to consider key policy, strategic and operational matters, and provide advice to National Council. It also oversees the financial performance and risk management of Arts Council England as a whole. Appropriate management structures have been created throughout the organisation to assist Executive Board members to oversee their respective departments and areas of responsibility.

During the crisis of Covid-19, Executive Board increased the frequency of its formal meetings in order to meet the needs of the arts and culture sector through the emergency period. Executive Board oversaw all areas of the Arts Council's response work in 2020/21, including the Emergency Response Funds and both rounds of the Culture Recovery Fund, the latter managed in regular liaison with the Culture Recovery Board and DCMS.

Executive Board is supported by a Management Committee, a National Investment Panel, whose membership includes the two Deputy Chief Executives and the five Area Directors, and other panels and decision-making groups. The National Investment Panel also supported the decision-making process on both rounds of the Culture Recovery Fund in 2020/21.

There are written terms of reference and procedures for National Council and its sub-committees and Executive Board.

MEMBERSHIP OF EXECUTIVE BOARD IN 2020/21

NAME	JOB TITLE
1 Dr Darren Henley OBE	Chief Executive
2 Laura Dyer MBE	Deputy Chief Executive, Places & Engagement
3 Simon Mellor	Deputy Chief Executive, Arts and Culture
4 Elizabeth Bushell	Executive Director and Chief Financial Officer
5 Mags Patten	Executive Director, Communication & Public Policy
6 Richard Russell	Executive Director and Chief Operating Officer
7 Francis Runacres	Executive Director, Enterprise and Innovation

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

National Council ensures there are effective arrangements for internal control including risk management at Arts Council England. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and yet economically.

The Arts Council takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe that it is important that we support and encourage innovation and can take managed risks in support of our mission.

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes
- Operational: risks to the delivery of our area or departmental plans
- Programmes/Projects/Thematic Risk: Risks to the delivery of individual programmes, projects and to particular areas of our work

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives.

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion the arts, museums and libraries.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. Neither can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

Acceptance of risk is always subject to ensuring that potential benefits and risks are fully understood before decisions are made, and that sensible measures to mitigate risk are established.

System for managing risk

The Department for Digital, Culture, Media and Sport (DCMS) has designated the Chief Executive of Arts Council England as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation. Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how Arts Council England monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

Arts Council England has in place a wide range of policies dealing with control issues for corporate governance, financial management (including counter fraud), project management, health and safety, training and development, information technology, and risk management, all of which are reviewed and updated periodically as part of the organisation's business planning process.

Arts Council England operates a range of controls over the funding programmes it operates to ensure the grant funding provided is used for the purposes intended. These controls are designed to be commensurate with the level of risk associated with each

funding programme and the organisation's appetite for risk. The controls include ensuring signed funding agreements are in place, monitoring payment conditions before payments are released, reviewing activity returns and regularly monitoring risks to funded organisations.

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually.

During 2020/21, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter.

Our risk position changed quickly in 2020/21, and we therefore reported monthly to Executive Board and quarterly to the Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis and aligned to our Covid-19 response programme, with progress on implementing relevant controls and mitigating actions reported to the Executive Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

The major residual risks which National Council considers most significant are:

Impact of Covid-19 on the Sector

The most significant risk that we managed in 2020/21, and that we anticipate remaining significant for the Arts Council and the sector that we support, is the Covid-19 pandemic and its impact on the sector.

Covid-19 has resulted in the closure of arts and culture venues to the public for the better part of the last year. The risk remains that many artists and creative practitioners will not be able to sustain their careers, and vital cultural organisations will not be able to remain solvent through and after this crisis.

In response, we have reallocated our funds to roll out a support package aimed at individuals, non-National Portfolio Organisations, and National Portfolio Organisations. We also delivered two rounds of the Culture Recovery Fund on behalf of DCMS. We have made delivery of the response packages our number one priority, and where necessary have temporarily redeployed staff to ensure that these programmes can be delivered speedily. We are collecting data on the impact on the sector and are in constant contact with Government, about the impact of the crisis, and the Government's support package on our sector.

Beyond delivery of the response fund, we also working with Government, the sector, local government and other key stakeholders on plans for recovery and re-emergence.

We remain committed to our new Strategy, *Let's Create*, and we are reconsidering our plans for delivering the strategy in the wake of Covid-19.

Covid-19 is also severely impacting on local government, the largest investor in the arts and culture sector in England. This has exacerbated our concerns over the possibility of further reductions in local authority investment. We will continue to work with the Local Authorities, elected Mayors, the Local Government Association, the Ministry of Housing, Communities and Local Government, Local Enterprise Partnerships and others to maintain, and make the case for the vital role that libraries, museums and arts organisations play in our local communities.

Arts Council England has maintained full business continuity despite the lockdown by switching to remote working, and we will be reviewing how we work to ensure that we remain effective over this crisis and can deliver our new strategy.

We are not seen as responding to the equality issues highlighted by Covid-19

In the wake of the inequitable impact of Covid-19, we managed the risk that we would not respond in an effective and significant way to a lack of parity in the arts and culture sector and embed equality into our strategic decision making, Delivery Plan, and recovery packages.

In response, we developed a set of 12-month Equality Objectives to inform all our immediate work, including our Covid-19 response. We are transitioning from the Creative Case to our new Inclusivity and Relevance Investment Principle which enables us to increase our focus on accountability beyond programming to also include Workforce, Leadership and Governance as well as our wider work with audiences and local communities. A new set of Equality Objectives have been developed which will run in parallel with our Delivery Plan for 2021-24.

Other key risks for the Arts Council include:

Our future income

Our two main sources of income are Grant-in-Aid and funding from the National Lottery. Our current Grant-in-Aid settlement is for a one-year duration. A Spending Review was announced on 27 October 2021, and we look forward to hearing more detail about our settlement from DCMS soon. This settlement will determine the extent to which we are able to continue supporting the sector's re-emergence from Covid-19 and deliver the new strategy. We continue to monitor the impact of Covid-19 on our National Lottery income, together with the potential impact of transition to a fourth National Lottery licence in 2023.

Arts Council and the arts and culture sector is not sufficiently resourced to manage the impact of Britain's exit from the EU

Britain left the EU bloc on 31 December 2020, meaning that the movement of goods, services, and movement post-transition may be restricted with changes in customs arrangements, visas, export licensing, and/or potential introduction of tariffs. Organisations in the arts and culture sector may be unsure how to, or be unable to, continue trading within the EU, which could make the Arts Council's ambitions for the sector, as outlined in *Let's Create*, more difficult to achieve. We continue to work closely with DCMS to help the sector navigate these challenges. We are also partnering with the other UK arts councils to provide a single point of information for the sector and determine where we can increase our support.

Adapting the way we work as an organisation to reflect the context and delivery of our new 10-year Strategy

Our new 10-year Strategy, *Let's Create*, is ambitious, and to deliver it effectively we will need to change as an organisation. The strategy contains commitments that set out how we will work over the next decade: to keep our delivery on track, to ensure that we are held to account, and to serve as an invitation to others to join us as partners. Our Delivery Plan will set out how we will deliver on these commitments over the first three years of the Strategy. We have established a Workstream led by the Chief Financial Officer to determine the implementation of the necessary changes.

Data security and personal data

Arts Council England continues to maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

There were no major security incidents involving data at the Arts Council during 2020/21. There were 29 minor incidents where there was no adverse impact on, or damage to, individuals in relation to personal data. No personal data breaches were reported to the ICO. The Arts Council dealt with all incidents immediately; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

Our Senior Information Risk Owner chairs a quarterly meeting of the Information Governance Subcommittee which oversees the framework and processes in place to monitor information assets and associated risks along with developing a culture of awareness among all staff. The subcommittee is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. No whistleblowing cases were reported and investigated during 2020/21.

Conflicts of Interest

As a public body we have a code of ethics that makes sure all staff adhere to the Seven Principles of Public Life, the Bribery Act 2010 and the Government rules on code of conduct in non-departmental public bodies. In particular, staff are required:

- to act, and be seen to act, with independence and impartiality while working for the Arts Council
- to take steps to avoid conflicts of interest, by registering and declaring any conflicts between personal interests and the work of the Arts Council as they arise

A register of interests for all National Council and Executive Board members is available at the following link:

https://www.artscouncil.org.uk/national-council/national-council-register-interests

In March 2021 the Government also issued the 12 Principles of Governance for all Non-Executive Directors of Public Bodies

https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

Internal audit

The annual programme of internal audit work is carried out by an external firm of accountants to standards defined in the Public Sector Internal Audit Standards. The work of internal audit is informed by the risk register, an assessment of the assurance requirements – particularly on the most significant risks facing Arts Council England – and the key day-to-day processes and systems in place. The annual internal audit plan is based on this analysis. It is endorsed by Management Committee and approved by the Performance and Audit Committee. The internal auditors receive all Performance and Audit Committee papers and attend the Performance and Audit Committee meetings.

They provide periodic progress reports including the findings of follow-up reviews, building up to an annual report on internal audit activity. This annual report includes the internal auditors' opinion on the overall adequacy and effectiveness of the systems that internal audit have reviewed. The Performance and Audit Committee reviews and discusses the progress report and the annual assurance report. Internal audit services are being provided by RSM.

In their 2020/21 annual report, RSM stated that, in their opinion:

> 'The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective.'

Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors with the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A review of the effectiveness of our system of internal control has taken place. National Council and the Performance and Audit Committee have been advised about the findings in the review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Assessment of the effectiveness of internal control during 2019/20

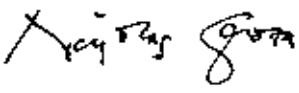
The effectiveness of the Arts Council's internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit Committee. This is supported by a programme of internal audit reviews.

For 2020/21, internal audit completed reviews of the following areas:

1. Remote Working & Operational Resilience
2) Culture Recovery Funding
3) Finance System Implementation
4) Project Management Critical Friend Review
5) ERF and CRF Post Event Assurance Landscape
6) Risk Appetite Advisory Review
7) ERF and CRF – Government Grant Standards
8) ERF and CRF – Data Analytics

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2020/21 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.

Dr Darren Henley OBE
Chief Executive
30 NOVEMBER 2021



Sir Nicholas Serota CH
Chair
30 NOVEMBER 2021

Staff Report

It has been an extraordinary year for Arts Council staff and ways of working. In March 2020, when the emergency lockdown began, the whole organisation switched to working from home on an almost overnight basis and continued to do so for the remainder of the year. Meetings have been conducted virtually and documents shared through newer online collaborative spaces, as well as the more 'traditional' email. The nature of our work, our systems and equipment made the transfer to radical new working conditions a seamless success. Good internal communications have been essential – with an increase in the importance, volume and frequency of our staff intranet messages, together with the introduction of weekly all staff catch up meetings with members of Executive Board. When the wider restrictions ease, we hope to be able to return to offices and visiting arts and culture events and colleagues, but the ambition is to retain a number of the new ways of working which have rapidly emerged during 2020/21, and conduct our business and collaboration in a more flexible and agile way.

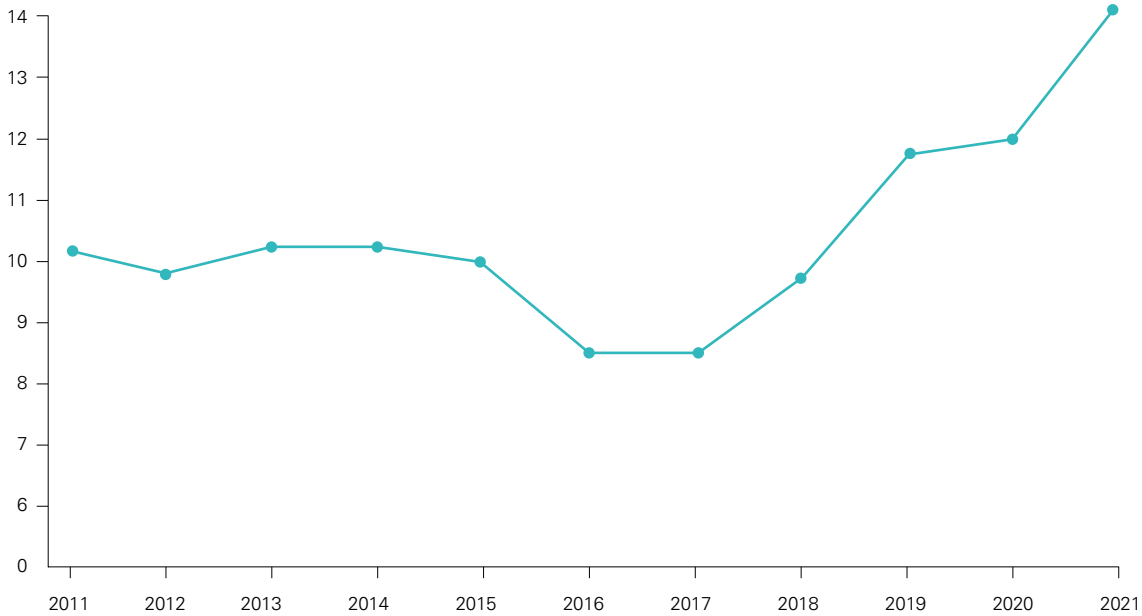
During a most challenging year for public health, the Arts Council's sickness absence has remained low at 1.4 per cent of total working days (down from 2.2 per cent in 2019/20). We introduced the important role of Mental Health First Aiders, launched a bespoke online wellbeing course for colleagues and extensively promoted our Employee Assistance Programme. We have conducted surveys of staff morale and wellbeing across the year. In our November survey, after eight months of home working, 78 per cent of respondents reported being either happy with this or saw it as working well in the circumstances. 70 per cent said they liked the work-life balance of working from home, 70 per cent said they felt connected to their team, 92 per cent felt technology had successfully enabled them to do their job remotely and 73 per cent felt supported with their wellbeing.

With the delivery of Culture Recovery Funds, workloads have sometimes been high, but we have brought in new roles to support delivery of these – with the organisational headcount rising from 586 (540 full-time equivalent) to 622 (578 full-time equivalent). This figure includes the recruitment to around 27 new roles to deliver the Cultural Investment Fund over the next few years. Our voluntary leaver rate was only 3.5 per cent (compared with 8.5 per cent in 2019/20) and there were no major redundancy programmes in the year. Some roles were lost or redeployed as part of a reorganisation of our Museums and Cultural Property function.

Arts Council colleagues were awarded a 2 per cent consolidated salary increase in 2020/21, which is within the requirements set by the Civil Service Pay Guidance, which we adhere to.

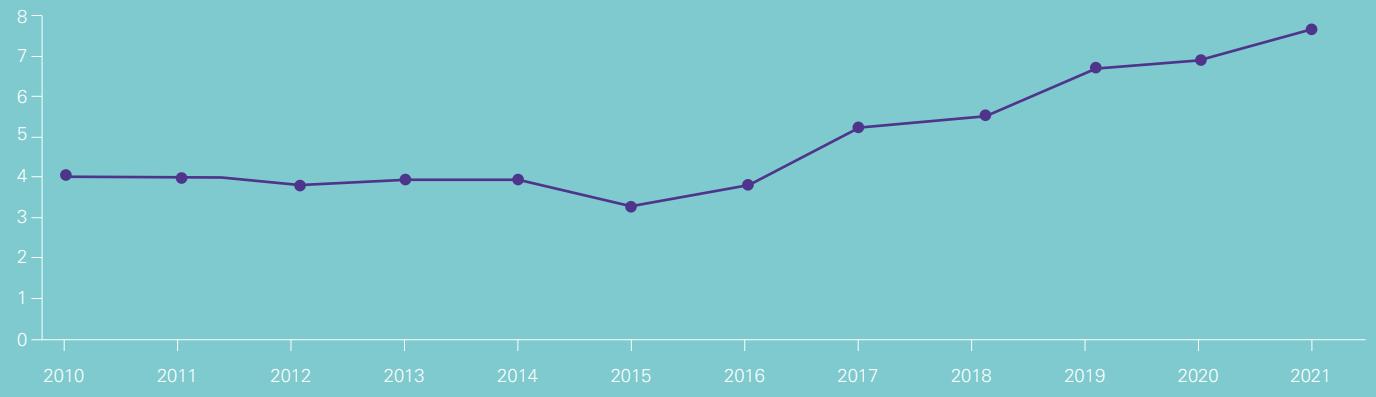
We have continued to focus on diversity in recruitment through the year, and our proportion of Black, Asian and Ethnically diverse staff in the year rose from 12.1 per cent in 2019/20 to 14.3 per cent in 2020/21.

% OF STAFF WHO IDENTIFY AS BLACK, ASIAN AND ETHNICALLY DIVERSE



Our numbers of disabled, D/deaf and neuro-diverse staff rose from 7.0 per cent in 2019/20 to 7.7 per cent in 2020/21.

% OF STAFF WHO IDENTIFY AS DISABLED, D/deaf OR NEURODIVERGENT



A total of 14.5 per cent of our staff body is LGB. These figures are the highest proportions since we began our current record-keeping methods 13 years ago.

% OF STAFF WHO IDENTIFY AS LESBIAN, GAY OR BISEXUAL

For the year ending 2019/20, our median gender pay gap was zero and the mean was 6.0 per cent.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect on 1 April 2017 and mean that public sector employers are now required to publish certain information on trade union officials and facility time in their annual report.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to a disciplinary or grievance hearing. It will also cover training received and duties carried out under the Health and Safety at Work Act 1974.

The information for Arts Council England is as follows:

Relevant union officials

What was the total number of Arts Council England employees who were relevant union officials during the relevant period?

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL TIME EQUIVALENT EMPLOYEE NUMBER
18	17.1

Percentage of time spent on facility time

How many of Arts Council England employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
0%	0
1-50%	18
51%–99%	0
100%	0

Percentage of pay bill spent on facility time

The figures below show the percentage of Arts Council England's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£19,178
Total pay bill	£21,183,273
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.09%

Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

GRANTS TO LOCALLY GOVERNED ORGANISATIONS

All grants awarded by Arts Council England are subject to funding agreements with clearly laid out terms and conditions. We satisfy ourselves that relevant conditions are met before payment is made.

PUBLIC SECTOR INFORMATION

On 1 April 2009 Arts Council England became a provider of official statistics under the extended scope of the Statistics and Registration Act 2008. This means that when Arts Council England produces, manages and disseminates official statistics we strive to abide by the Code of Practice for Official Statistics published by the UK Statistics Authority in January 2009.

The code sets out a number of important principles and practices to ensure that the official statistics meet the needs of Government and society and are both trustworthy and trusted.

BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2020/21,100 per cent of invoices were paid within 30 days (2019/20: 100 per cent) and we paid 97.6 per cent of invoices within five days (2019/20: 96.7 per cent).

CORPORATE INFORMATION

Principal address as at 31 March 2021
21 Bloomsbury Street
London WC1B 3HC

Banker
Government Banking Service
National Westminster Bank plc
Premier Place,
Devonshire Square,
London EC2M 4BA

Co-operative Bank
78-80 Corn Hill
London EC3V 3NJ

Auditor
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Administrators, actuaries and investment advisers to the Arts Council

Retirement Plan

Hyman Robertson LLP
20 Waterloo Street
Glasgow G2 6DB

Administrators, actuaries and investment advisers to the West Yorkshire

Pension Fund

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors
A number of specialised solicitors have been appointed to our external solicitor pool.

07.

Strategic report

DCMS KPIS

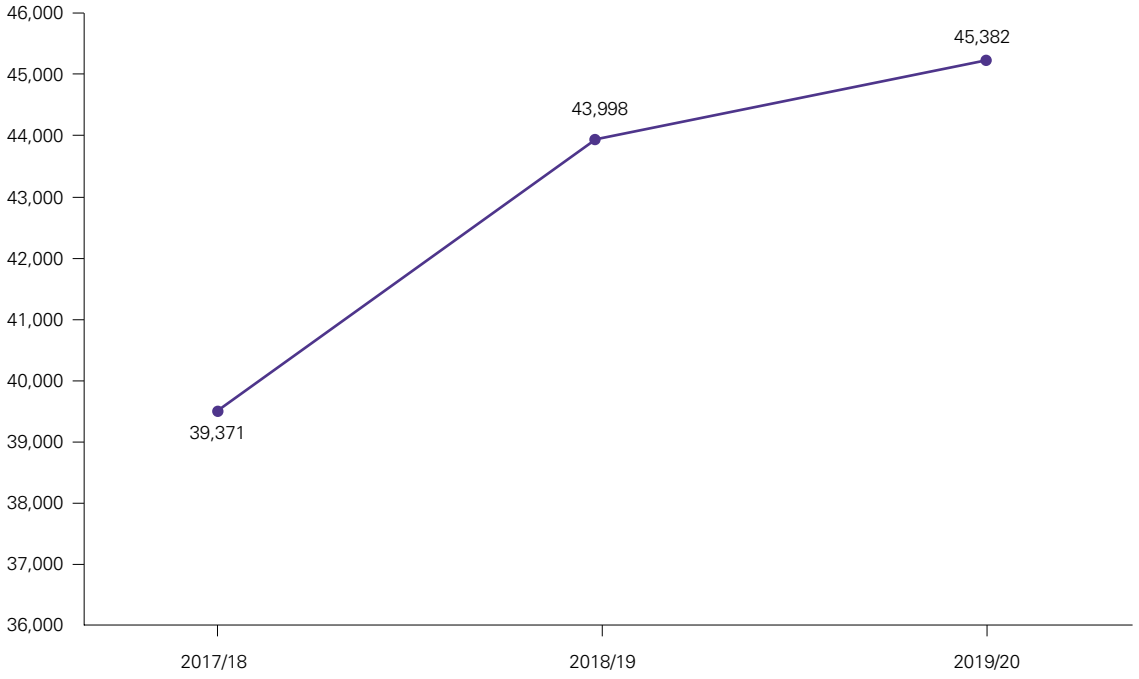
The Secretary of State for Digital, Culture, Media and Sport (DCMS) sets priorities for the Arts Council which sit alongside our key performance indicators (KPIs). These performance indicators may be reviewed over the duration of the Arts Council's management agreement with DCMS.

The data for the KPIs 1-5 reflect 2019/20 due to the schedule in which we collect data from our National Portfolio Organisations.

KPI 1: Sustained attendance and visitor numbers in National Portfolio Organisations and Major Partner Museums (thousands)[1]

2017/18	2018/19	2019/20
39,371	43,998	45,382

KPI 1A TOTAL AUDIENCE/VISITOR NUMBERS (000S)

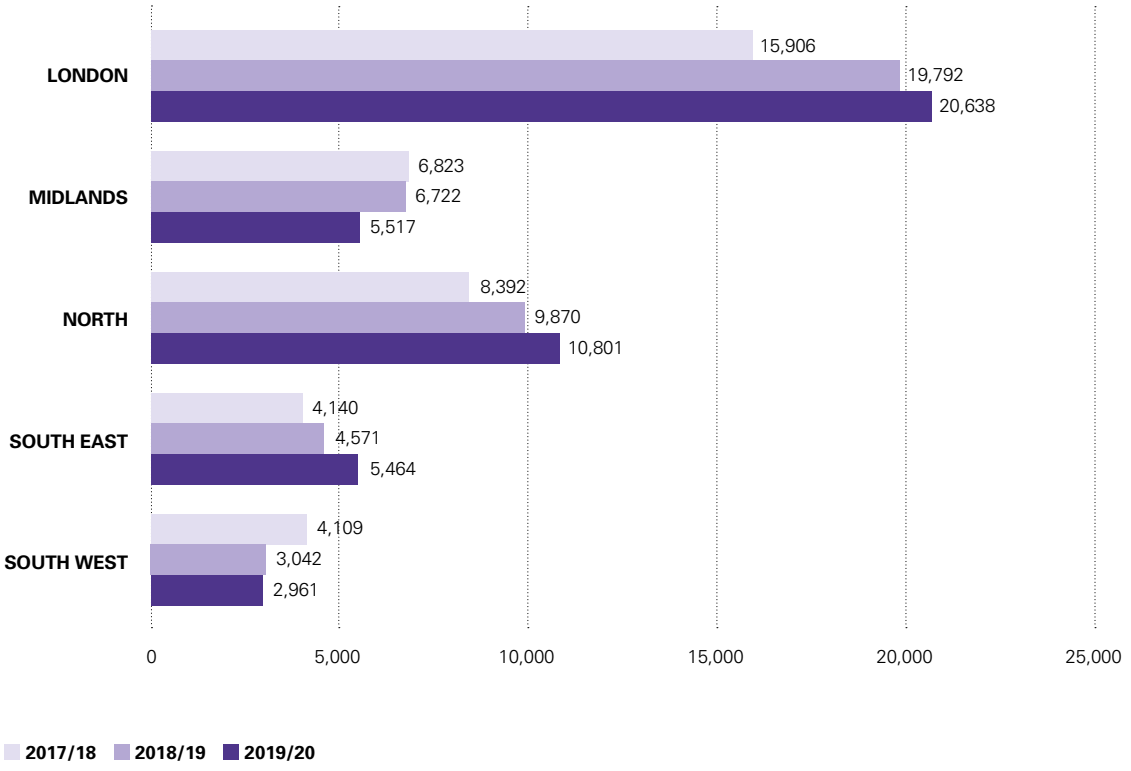


[1] Data shows total known attendances for England, UK, and the rest of the world (excluding children and young people). We have only included attendances reported by the 565 organisations who provided valid data every year for the past three consecutive years (this is referred to as a constant sample). Estimated attendances, for example from non-ticketed events, have been excluded. For 2019/20 the funding condition attached to annual survey submission was waived in recognition of the challenges faced by organisations at the onset of the Covid-19 pandemic; there were 766 out of 828 submissions.

Breakdown by five Arts Council areas: Attendance and visitor numbers in National Portfolio Organisations and Major Partner Museums by area (thousands):

AREA	2017/18	2018/19	2019/20
London	15,906	19,792	20,638
Midlands	6,823	6,722	5,517
North	8,392	9,870	10,801
South East	4,140	4,571	5,464
South West	4,109	3,042	2,961

KPI 1B TOTAL AUDIENCE/VISITOR NUMBERS BY ARTS COUNCIL AREAS (000S)

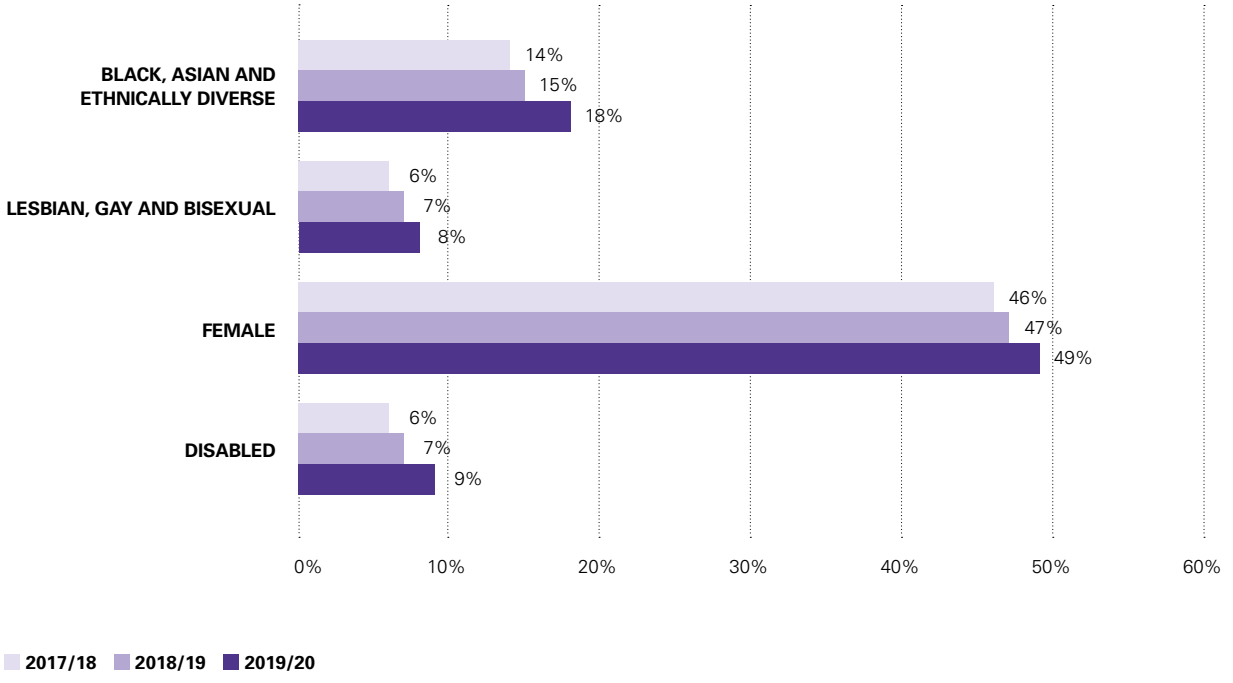


KPI 2: Proportion of National Portfolio Organisation and Major Partner Museum Board members who identify with the following characteristics[2]:

Proportion of National Portfolio Organisation and Major Partner Museum Board members who identify with diversity characteristics:

	2017/18	2018/19	2019/20
Black, Asian and Ethnically Diverse	14%	15%	18%
Lesbian, Gay and Bisexual	6%	7%	8%
Female	46%	47%	49%
Disabled	6%	7%	9%

KPI 2: PROPORTION OF NATIONAL PORTFOLIO ORGANISATION AND MAJOR PARTNER MUSEUM BOARD MEMBERS WHO IDENTIFY WITH DIVERSITY CHARACTERISTICS:



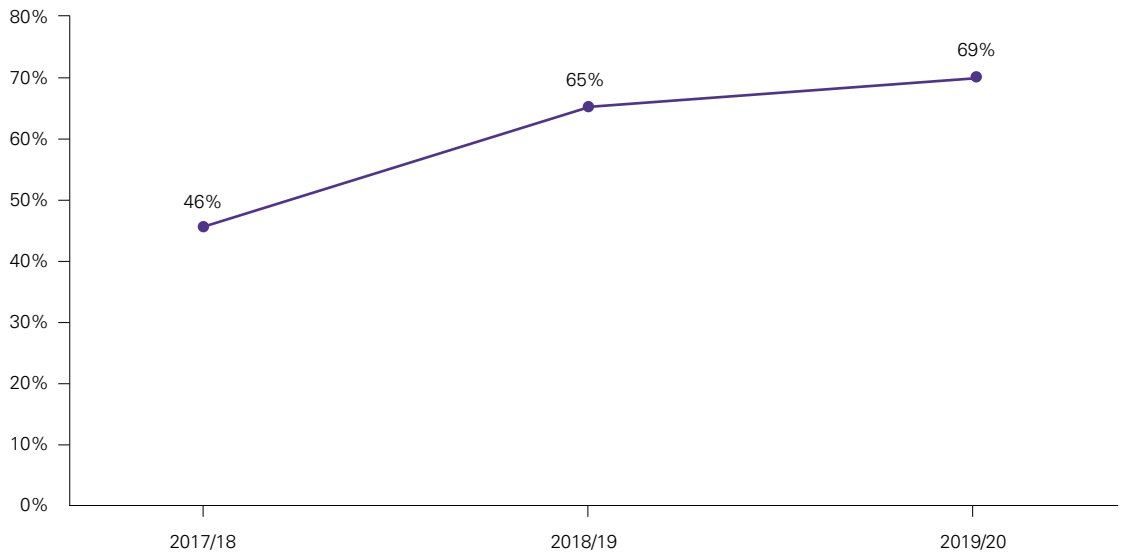
[2] The KPI data is based on all annual survey data submitted, in line with the approach taken for *Equality, Diversity and the Creative Case: A Data Report, 2019-20.*

KPI 3: The proportion of National Portfolio Organisations producing at least one screening or broadcast in the reporting year

Proportion of National Portfolio Organisations producing at least one screening or broadcast in the reporting year[3]:

	2017/18	2018/19	2019/20
Total	306	521	525
%	46%	65%	69%

KPI 3: PROPORTION OF NATIONAL PORTFOLIO ORGANISATIONS PRODUCING AT LEAST ONE SCREENING OR BROADCAST IN THE REPORTING YEAR[3]:



[3] Includes film screenings, virtual reality experiences, television and radio broadcasts, and creative content products created to be consumed online (podcasts, vlogs, apps, etc) across the whole portfolio.

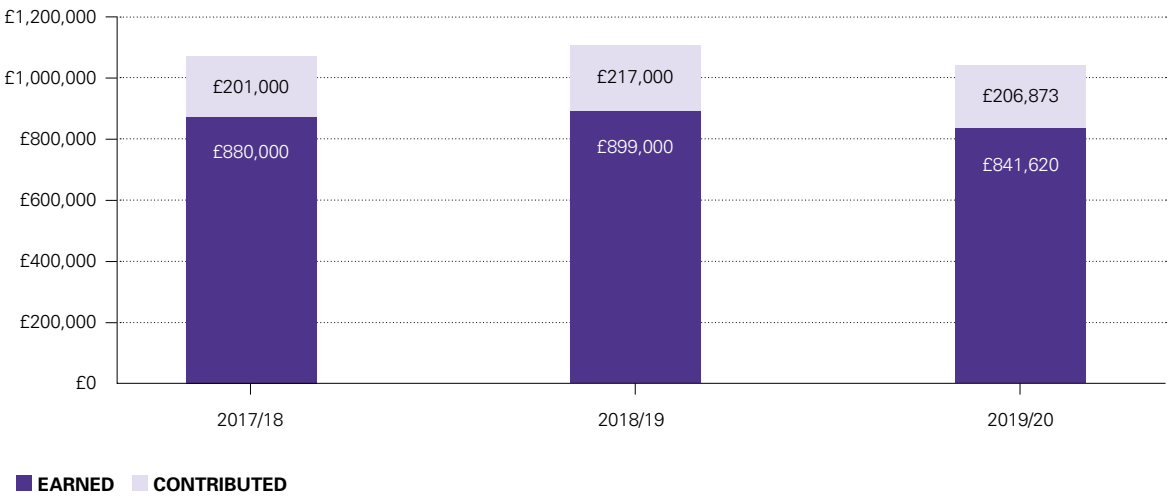
KPI 4: An increase in contributed and earned income in National Portfolio Organisations and Major Partner Museums, All England

Earned and contributed income in National Portfolio Organisations and Major Partner Museums from constant sample (£000s):

All England:

	2017/18	2018/19	2019/20
Earned	880,000	899,000	841,620
Contributed	201,000	217,000	206,873
Total	1,081,000	1,116,000	1,048,493

KPI 4: EARNED AND CONTRIBUTED INCOME IN NATIONAL PORTFOLIO ORGANISATIONS AND MAJOR PARTNER MUSEUMS

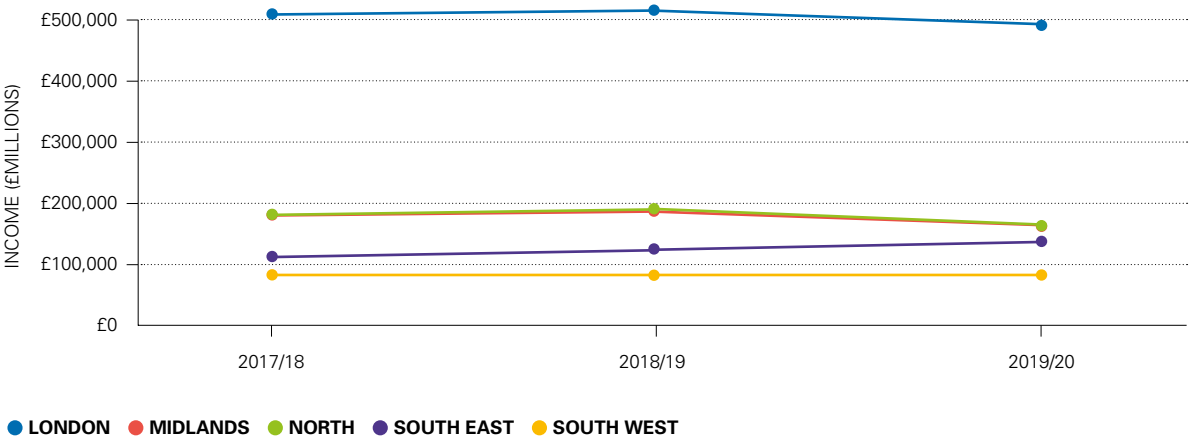


Breakdown by five Arts Council areas: combined earned and contributed income in National Portfolio Organisations and Major Partner Museums by area (£000s)[4]:

AREA	2017/18	2018/19	2019/20
London	524,000	539,000	493,205
Midlands	199,000	204,000	168,159
North	188,000	199,000	168,444
South East	89,000	96,000	142,436
South West	82,000	78,000	76,247

[4] Totals may vary due to rounding.

KPI 4: EARNED AND CONTRIBUTED INCOME IN NATIONAL PORTFOLIO ORGANISATIONS AND MAJOR PARTNER MUSEUMS BY ARTS COUNCIL AREA

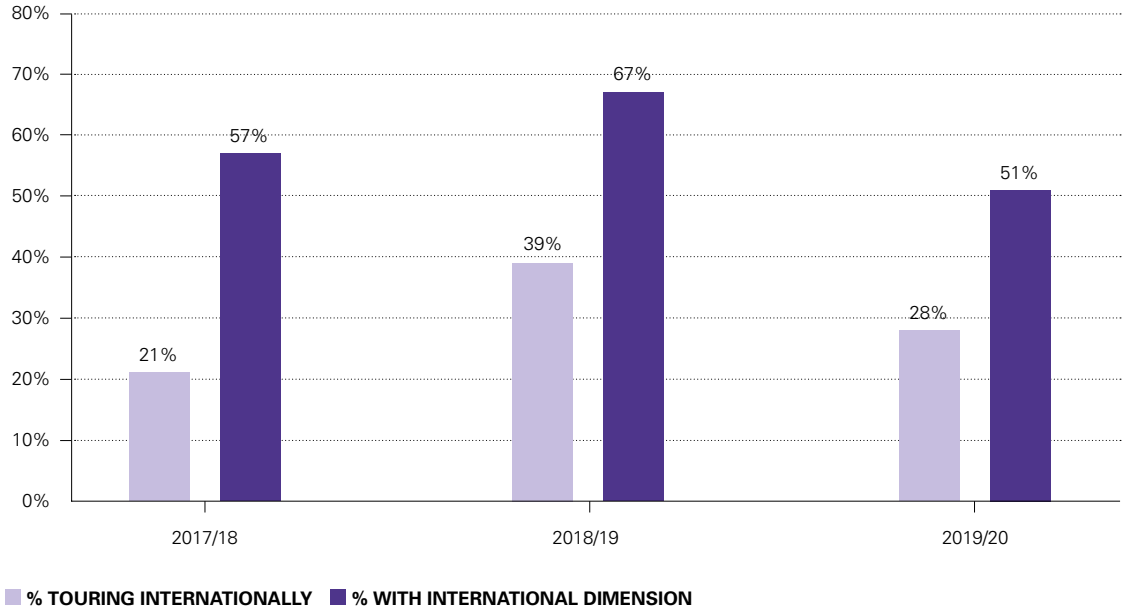


KPI 5: Proportion of National Portfolio Organisations undertaking international activities in the reporting year

Proportion of National Portfolio Organisations undertaking international activities in the reporting year (including England-only tours):

	2017/18	2018/19	2019/20
% touring internationally	21%	39%	28%
% with international dimension	57%	67%	51%

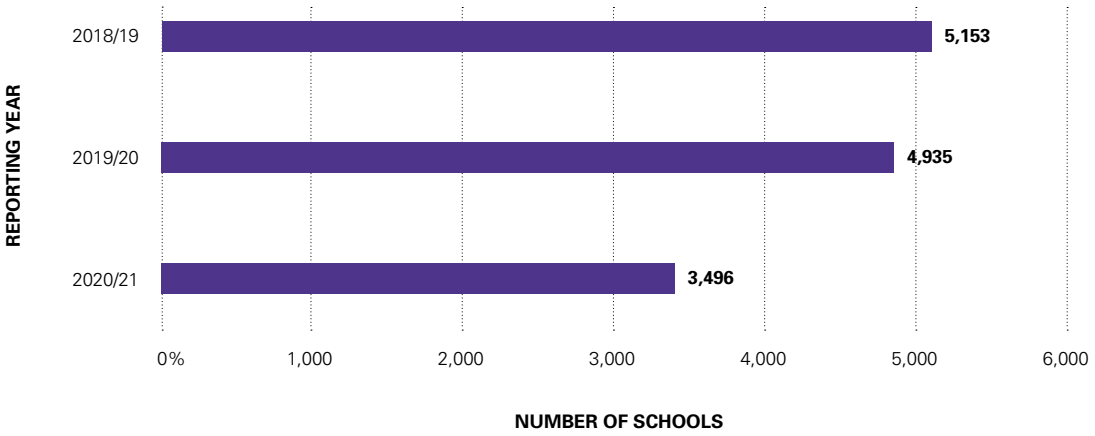
KPI 5: PROPORTION OF NPOs UNDERTAKING INTERNATIONAL ACTIVITIES



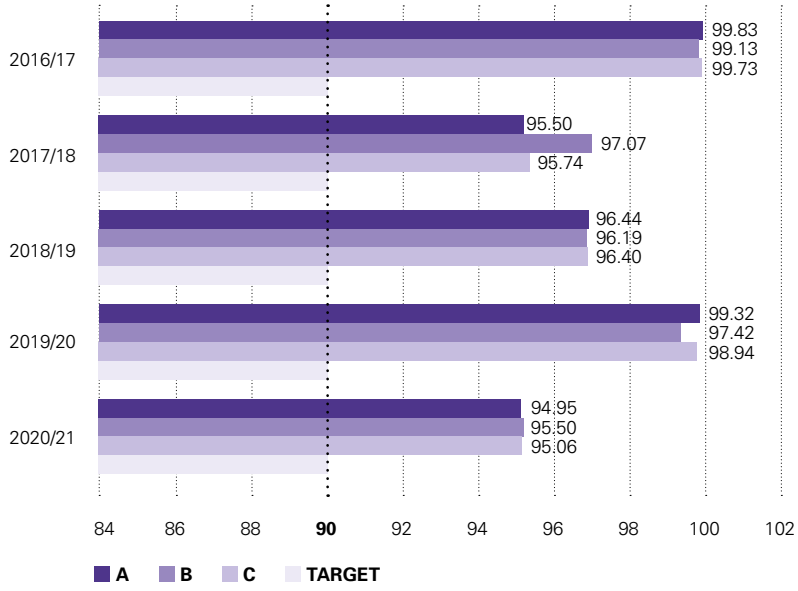
KPI 6: Total number of schools engaged in meaningful contact by Arts Council funded Bridge Organisations

	2018/19	2019/20	2020/21
Total number of schools[5] engaged in meaningful contact by Arts Council funded Bridge Organisations	5,153	4,935	3,496

KPI 6: TOTAL NUMBER OF SCHOOLS ENGAGED IN MEANINGFUL CONTACT BY ARTS COUNCIL FUNDED BRIDGE ORGANISATIONS



KPI 7: THE PROPORTION OF NATIONAL LOTTERY PROJECT GRANT APPLICATIONS PROCESSED WITHIN THE PUBLISHED TIMEFRAME



A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

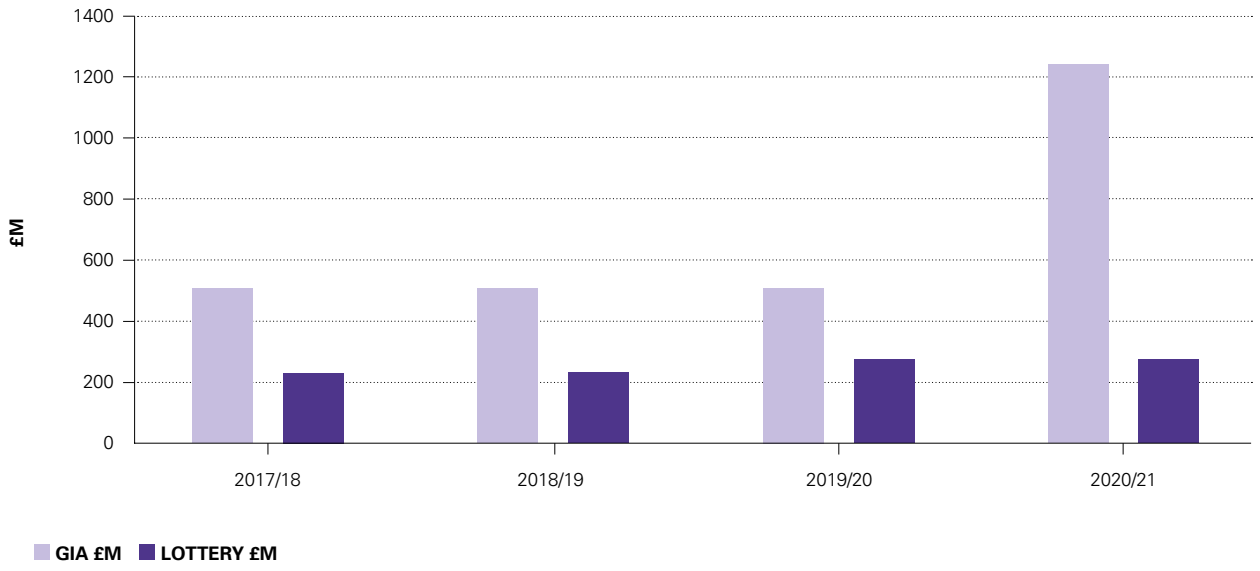
[5] Includes all state-funded nursery, primary, secondary, and special schools (included NMSS and independent special schools), and PRU/alternative provision schools. Does not include sixth form colleges, sixth form centres, so-called 'all through' schools, and independent schools.

FINANCIAL REVIEW, GRANT-IN-AID

Our income

Arts Council England receives Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £1,231 million for the year (2019/20: £492 million), which included £691 million for the Culture Recovery Fund, grants programmes and £71.1 million of capital funds to allocate as grants. It also included funding from the Department for Education of £82.1 million (2019/20: £80.8 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last four years.

OUR INCOME



GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2020/21:

	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
Libraries Taskforce	0.27	–
Cultural Investment Fund	1.33	0.30
Coventry City of Culture	4.50	1.40
Culture Recovery Fund	690.63	58.88
Loneliness Fund	5.03	–
Edinburgh Festival	1.00	–
Northern Culture Regeneration Fund	–	1.72
Arts Infopoint UK	0.03	–
Cultural Admin	0.13	–
NYDC	0.20	–
Sorrell National Art&Design clubs	0.13	–
Expansion of Bridge networks	0.62	–
Museums and Schools	1.20	–
Music for Youth	0.11	–

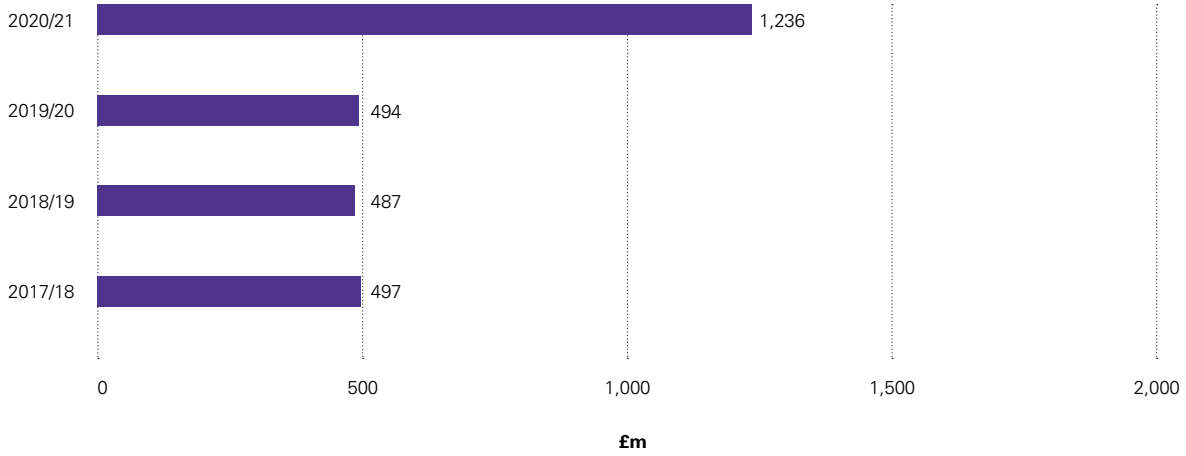
GRANT-IN-AID EXPENDITURE

Our expenditure increased by 147 per cent in 2020/21. The majority of this increase was due to the Culture Recovery Fund programmes which the Arts Council administered on behalf of the Department for Digital, Culture, Media and Sport (DCMS). Expenditure of £426 million in relation to round 1 of the Culture Recovery Fund: Grants Programme, £263 million in relation to round 2 of the Culture Recovery Fund: Grants Programme, and £59 million in relation to the Capital Kickstart programme are included in these accounts. In addition, the Arts Council administered the Culture Recovery Fund: Repayable Finance programme. The accountable body for these loans is the DCMS and therefore the loans are not included in these accounts.

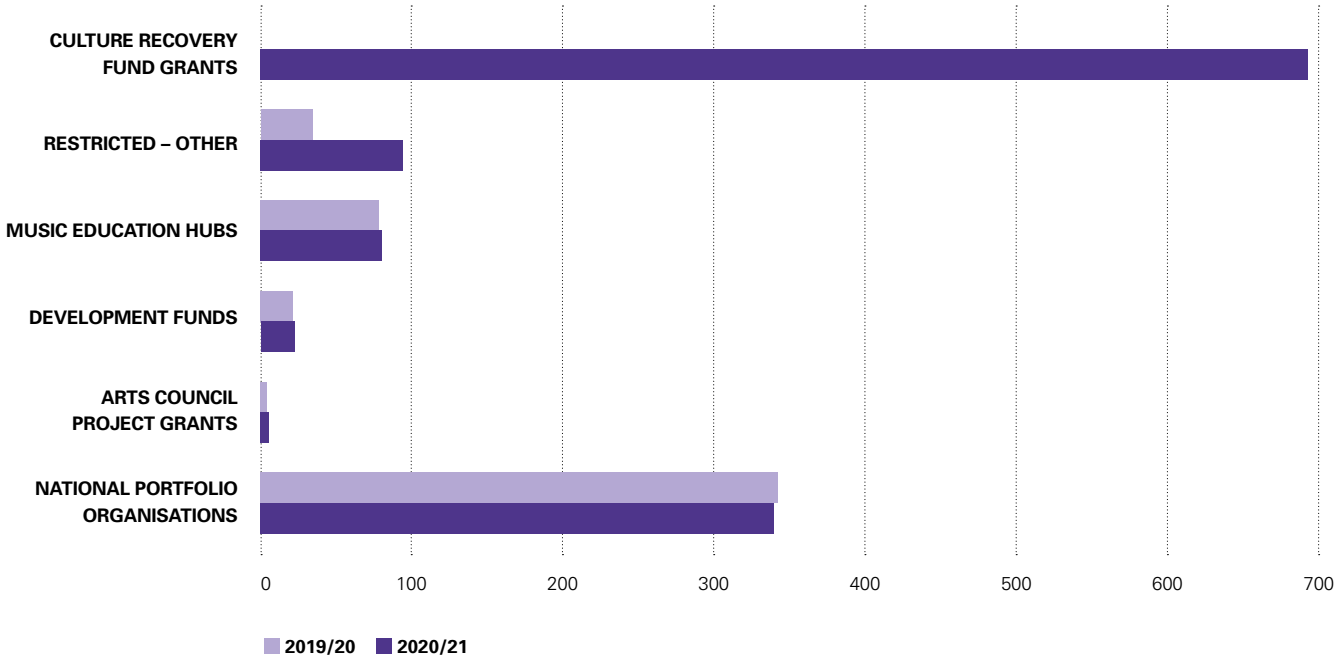
In 2017 the Arts Council announced allocations for its National Portfolio Organisations for the period 2018-22. Of grants relating to the 2020/21 financial year, the third year of this portfolio, £340 million are included in these accounts (2019/20: £336 million).

In addition, we spent £25 million (2019/20: £16 million) through grants and direct expenditure on development and investment programmes and £78 million (2019/20: £77 million) on Music Education Hubs.

GRANT-IN-AID EXPENDITURE 2017-2021



GRANT-IN-AID EXPENDITURE (£m)



As a non-departmental public body, we have a duty to stay within our departmental expenditure limits (DEL) budgets set by DCMS, irrespective of how the financial statements then translate when prepared under the Charities SORP.

Our out-turn against our revenue DEL budgets, set by DCMS, is a £0.33 million underspend (2019/20: £0.23 million underspend). However, the statement of financial activities shows net expenditure for the year of £8.47 million (2019/20: net expenditure of £0.55 million).

The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to pension costs, the treatment of provisions (which include the West Yorkshire Pension Fund liability) – ie new provisions and unutilised provisions are not included within our DEL totals until they are utilised. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance.

At 31 March 2021, Arts Council England had unrestricted reserves of £301,000 (2019/20: £11.8 million) together with £1.4 million (2019/20: £1.2 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so. In March 2020, to support our response to the Covid-19 crisis, National Council and HM Treasury agreed that we could use all £12.8 million of our unrestricted reserves for emergency funds to support the arts and culture sector.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2020/21 were £80,000 including VAT (2019/20: £72,990 including VAT). Full details in relation to financial instruments are given in note 26 to the Grant-in-Aid accounts.

A significant amount of work was carried out by ACE staff to confirm that the grant awards were made appropriately and that there has been no fraud or error. This included obtaining Certified Income & Expenditure reports from Independent Accountants and obtaining evidence of expenditure from a sample of Grant Applicants to confirm that this was in line with the Grant Funding Agreements. 10% of CRF1 grant recipients were sampled and satisfactory information was received from all applicants within the sample.

Due to a change in the rules relating to the Coronavirus Job Retention Scheme (CJRS) a potential issue of double-funding was identified. Initial checks have identified that approximately £7.5 million worth of grants was awarded to cover costs where the applicant had also claimed CJRS funding. £6 million of this funding has been reclaimed and the process to recover the remaining £1.5 million has commenced. Further checks on potential CJRS duplicate funding will be carried out once HMRC data is made available to us.

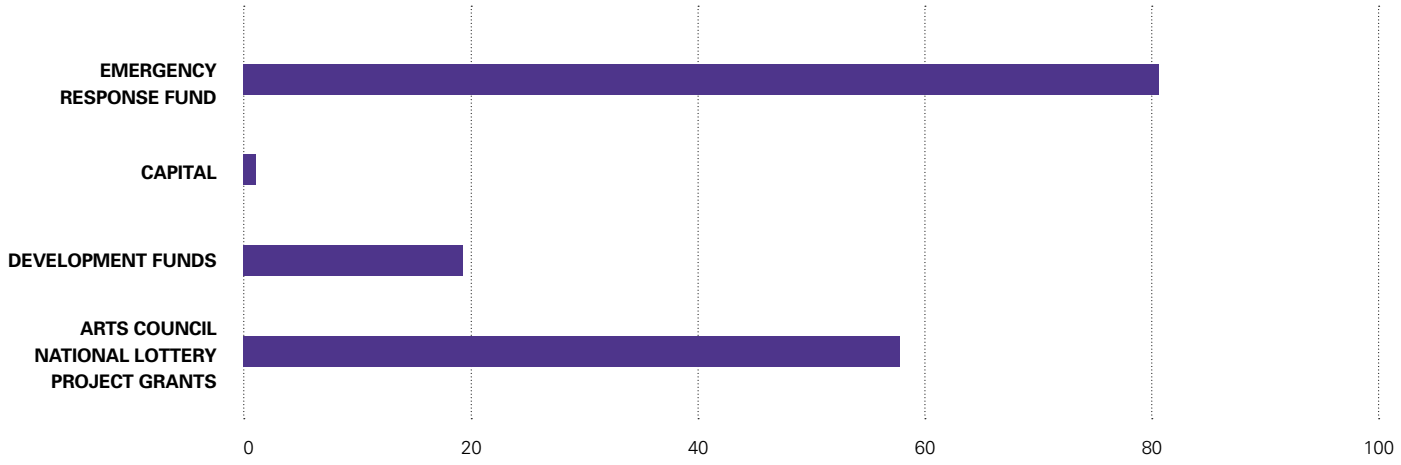
Due to the additional work carried out on Post Event Assurance for CRF Grants and CJRS the formal signing of the AR&A by the Chief Executive and Chair was delayed from June 2021 to November 2021.

LOTTERY EXPENDITURE

Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £168 million (2019/20: £187 million).

At year-end, a total of £216 million (2019/20: £345 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £211 million (2019/20: £263 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered

LOTTERY PROGRAMME EXPENDITURE (£m)



sensible, based on past and projected income flows, given that our £216 million of Lottery grant commitments are known to be spread over a five-year period from 1 April 2021 to 31 March 2026.

Actual proceeds from the National Lottery received in 2020/21 were £253 million. This was higher than the £248 million received in 2019/20 and was due to several large jackpot rollovers in the year.

Our Lottery balance policy was reviewed by National Council in March 2020. As a result of the pandemic, and the proposed Emergency Response Fund programme, National Council agreed to a temporary reduction in the reserves requirement to £10 million. This was a short-term proposal intended to manage the immediate impact of the crisis on the Arts sector and allowed us to put £143 million of Lottery funding into our Emergency Response Fund. In December a further review of the policy was carried out and based on an assessment of the relevant risks, National Council approved that our Lottery budgets should preserve a balance of at least £25 million in each year over the period to March 2023. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible during these difficult times for the sector.

Our Lottery balance exceeds this amount at year end due to the need to hold cash for grants with longer term cashflow requirements beyond 31 March 2021.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2020/21 (see pages 168 to 177).

Full details in relation to financial instruments are given in note 19 of the notes to the Lottery distribution accounts.

Fees payable to the National Audit Office for Lottery external audit services during 2020/21 were £62,500 (2019/20: £60,825).

CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Digital, Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2020/21 and 2019/20 financial years.

	2020/21 £000s	2019/20 £000s
INCOME		
Grant-in-Aid income	**1,230,475**	492,057
Share of the National Lottery Distribution Fund	**253,130**	247,871
Investment returns on the Distribution Fund	**148**	1,199
Other income	**4,753**	1,032
Total income	**1,488,506**	742,159
EXPENDITURE		
Net Grant-in-Aid grant commitments	**1,219,363**	469,536
Other Grant-in-Aid arts expenditure	**3,372**	6,004
Net Lottery grant commitments	**158,888**	177,315
Lottery Invoiced Arts Expenditure	**1,192**	586
Support costs	**36,800**	36,776
Total expenditure	**1,419,615**	690,217
Net gains/(losses) on investments	**55**	(70)
Net income/(expenditure)	**68,946**	51,872
Gain on revaluation of heritage assets	**2,648**	8,629
Actuarial gains/(losses) on defined benefit pension schemes	**1,393**	(1,948)
	4,041	6,681
Net movement in funds	**72,987**	58,553
Consolidated reserves brought forward	**384,563**	326,010
Consolidated reserves carried forward	**457,550**	384,563

Administration costs are 2.38 per cent of income (2019/20: 5.94 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £18.49 million, which is 1.49 per cent of income (2019/20: 4.88 per cent). Lottery administration (excluding one-off IT costs) totalled £17.10 million, which is 6.71 per cent of income (2019/20: 7.48 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

PLANS FOR THE FUTURE

Let's Create, our Strategy for the next 10 years, describes our vision that, by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we will publish a series of Delivery Plans over the next decade. These will set out in more detail the steps we will take to deliver *Let's Create* and how we will resource them. The first Delivery Plan covers 2021-24.

In March 2021 we published the context for this Plan and the themes we'll be focusing on, as well as how our existing funding programmes will resource our plans. We also introduced our Equality Objectives for the next three years.

Our five themes for this Delivery Plan have arisen out of our conversations with the Government and those working in the cultural sector over the course of the last year, and they are designed to focus on those areas viewed as being in most pressing need of attention and investment if we are to successfully navigate the new, post-pandemic landscape. The themes are:

1. A 'fit for the future' cultural sector
2. Supporting individuals
3. Strengthening our place-based approach and contributing to levelling up
4. Working internationally
5. How the Arts Council will change

It will only be possible to deliver *Let's Create* if there is shared commitment across the cultural sector to creating more inclusive working environments that develop and value all our talent. This means that we will actively support the development of safe workplaces where harassment and discrimination are challenged and eliminated so that everyone is treated equitably and fairly and supported to realise their full potential.

The four Equality Objectives below set out how we will put our legal duty into action over the next three years. They will remain in place for the duration of this Delivery Plan. These objectives will inform all aspects of the design and delivery of our work and will be supported through the development of discrete Equality Analyses for all new work that we undertake.

Our four Equality Objectives are:

1. We will ensure a more equitable distribution of our investment to improve opportunities for everyone, especially those with under-represented protected characteristics and from disadvantaged socio-economic groups.
2. We will invest in inclusive cultural organisations whose leadership, governance and workforce – and the independent creative practitioners they support – represent the diversity of contemporary England.
3. We will invest in a cultural sector that is more relevant to all of England's communities, especially those that have been historically underserved by public investment in culture.
4. We will become a more inclusive and relevant national development agency for creativity and culture that models good practice.

STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under both the Royal Charter and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), Arts Council England is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Digital, Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of Arts Council England's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are prepared in line with the Government Financial Reporting Manual. Both sets of accounts are also expected to:

- observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a consistent basis, and make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's length bodies are set out in chapter three of *Managing Public Money*. Formally the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

The Accounting Officer signing off these accounts has gained assurance in the following ways:

- a meeting with the Chief Finance Officer to go through the financial controls
- receiving feedback from Management Committee on review of internal audit reports and other internal control matters
- discussing the annual review and accounts at an Executive Board meeting attended by Executive Board colleagues, including the Chief Financial Officer
- attending Performance and Audit Committee meetings where matters are scrutinised

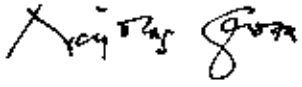
The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that, as far as he is aware, the annual report and accounts as a whole is fair, balanced and understandable and he takes responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, 21 Bloomsbury, London, WC1B 3HF.

Dr Darren Henley OBE
Chief Executive
30 NOVEMBER 2021



Sir Nicholas Serota CH
Chair
30 NOVEMBER 2021

08.

Grant-in-Aid accounts

TESCO

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE TRUSTEES OF THE ARTS COUNCIL ENGLAND

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of Arts Council England, Grant-in-Aid for the year ended 31 March 2021 under the Royal Charter and the Secretary of State Directions thereunder. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

— the financial statements give a true and fair view of the state of the Arts Council England's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended; and

— the financial statements have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Arts Council England is adopted in consideration of the requirements set out in

financial reporting framework, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

The other information comprises information included in the Annual report but does not include the financial statements and my auditor's report thereon. The Trustees and Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Royal Charter;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND ACCOUNTING OFFICER

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free form material misstatement, whether due to fraud of error.
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and

the Accounting Officer anticipate that the services provided by Arts Council England will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Royal Charter.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Royal Charter, and Managing Public Money;
  - assessing the incentives for management to manipulate reported income and expenditure to remain within voted Parliamentary control totals;
  - reviewing the Department's accounting policies;
  - using analytical procedures to identify any unusual or unexpected relationships and transactions;
- discussing among the engagement team and involving relevant internal specialists, including actuaries for the defined benefit pensions obligation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of the Arts Council England's framework of authority as well as other legal and regulatory frameworks that the Arts Council England operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included Secretary of State Directions issued under the Royal Charter, tax law, employment law, and Managing Public Money.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

REPORT

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

2 DECEMBER 2021

National Audit Office
157–197
Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2021

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2a	**364,422**	**866,131**	**72**	**1,230,625**	492,133
Investments	2b	**–**	**–**	**6**	**6**	149
Charitable activities	3	**513**	**2,440**	**–**	**2,953**	736
Other: Lottery distribution accounts	4	**17,425**	**–**	**–**	**17,425**	18,821
Total income and endowments		**382,360**	**868,571**	**78**	**1,251,009**	511,839
EXPENDITURE ON:						
Charitable activities (including Governance costs)	4	**373,696**	**868,414**	**–**	**1,242,110**	493,497
Other: Support costs attributable to Lottery distributions accounts	4	**17,425**	**–**	**–**	**17,425**	18,821
Total expenditure		**391,121**	**868,414**	**–**	**1,259,535**	512,318
Net gains/(losses) on investments	9	**(10)**	**–**	**65**	**55**	(70)
Total income/(expenditure) before other recognised gains and losses		**(8,771)**	**157**	**143**	**(8,471)**	(549)
OTHER RECOGNISED GAINS/LOSSES						
Gain on revaluation of heritage assets	10	**2,643**	**5**	**–**	**2,648**	8,629
Actuarial gains/(losses) on defined benefit pension schemes	7	**1,393**	**–**	**–**	**1,393**	(1,948)
Net movement in funds	31	**(4,735)**	**162**	**143**	**(4,430)**	6,131
RECONCILIATION OF FUNDS						
Balance brought forward at 1 April		**255,312**	**6,123**	**539**	**261,974**	255,843
Total funds carried forward at 31 March		**250,577**	**6,285**	**682**	**257,544**	261,974

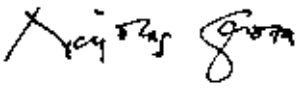
ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 99 TO 137 FORM PART OF THESE ACCOUNTS.

BALANCE SHEET AS AT 31 MARCH 2021

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2021 £000s	TOTAL 31 MARCH 2020 £000s
FIXED ASSETS						
Tangible assets	10	**3,407**	–	–	**3,407**	2,967
Heritage assets – Works of art	10	**247,372**	**5,556**	–	**252,928**	249,944
Investments	9	–	–	**683**	**683**	539
Total fixed assets		**250,779**	**5,556**	**683**	**257,018**	253,450
CURRENT ASSETS						
Debtors	12	–	**288,051**	–	**288,051**	103,351
Due from Arts Council Lottery accounts	11	–	**1,488**	–	**1,488**	3,042
Grants paid in advance	13	**1,128**	–	–	**1,128**	5,555
Cash and cash equivalents	19/20	**18,131**	**170,105**	–	**188,236**	14,389
Total current assets		**19,259**	**459,644**	–	**478,903**	126,337
LIABILITIES: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Grants outstanding	14	**13,466**	**456,555**	–	**470,021**	106,107
Creditors	15	**4,425**	**2,361**	–	**6,786**	4,642
Total creditors: amounts falling within one year		**17,891**	**458,916**	–	**476,807**	110,749
Net current assets		**1,368**	**728**	–	**2,096**	15,588
Total assets less current liabilities		**252,147**	**6,284**	**683**	**259,114**	269,038
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
Provisions for liabilities and charges	16	**1,066**	–	–	**1,066**	3,089
Net assets excluding pension liability		**251,081**	**6,284**	**683**	**258,048**	265.949
Defined benefit pension scheme liability	7	**504**	–	–	**504**	3,975
Net assets including pension liability		**250,577**	**6,284**	**683**	**257,544**	261,974
THE FUNDS OF THE CHARITY						
Represented by income funds	17					
Unrestricted fund		**301**	–	–	**301**	11,846
Restricted fund		–	**728**	–	**728**	652
Represented by capital funds	17					
Endowment funds		–	–	**683**	**683**	539
Designated fund		**247,373**			**247,373**	244,473
Donated asset reserve		–	**5,556**	–	**5,556**	5,471
Capital reserve		**3,407**	–	–	**3,407**	2,967
Pension reserve	7	**(504)**	–	–	**(504)**	(3,974)
Total charity funds		250,577	**6,284**	**683**	**257,544**	**261,974**

THE NOTES ON PAGES 99 TO 137 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley OBE
Chief Executive
30 NOVEMBER 2021



Sir Nicholas Serota CH
Chair
30 NOVEMBER 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	2020/21 £000s	2019/20 £000s
CASH FLOWS FROM OPERATING ACTIVITIES :			
Funds received from the Department for Digital, Culture, Media and Sport		**1,048,602**	433,020
Other cash receipts		**19,256**	18,655
Grants paid to arts organisations and other bodies		**(851,023)**	(490,301)
Cash paid to and on behalf of employees		**(29,109)**	(29,059)
Other cash payments		**(12,327)**	(10,401)
Net cash provided by/(used in) operating activities	18	**175,399**	(78,086)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on short-term cash deposits		**–**	136
Dividends received		**6**	13
Purchase of tangible fixed assets		**(1,470)**	(926)
Sale of tangible fixed assets		**–**	–
Net cash provided by/(used in) investing activities		**(1,464)**	(777)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Endowment Income/(Investments)		**(88)**	(13)
Net cash provided by/(used in) financing activities		**(88)**	(13)
Change in cash and cash equivalents in the reporting period	19/20	**173,847**	(78,876)
Cash and cash equivalents at the beginning of the reporting period	20	**14,389**	93,265
Change in cash and cash equivalents due to exchange rate movements		**–**	–
Cash and cash equivalents at the end of the reporting period	20	**188,236**	14,389

THE NOTES ON PAGES 99 TO 137 FORM PART OF THESE ACCOUNTS.

NOTES TO THE GRANT-IN-AID ACCOUNTS

1a. BASIS OF ACCOUNTS

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport in May 2002. They meet the requirements of the Companies Acts, and of the Statements of Standard Accounting Practice/ Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as those requirements are appropriate. The accounts are presented in accordance with the Charities SORP 2019 issued by the Charity Commission in 2019.

The accounts are prepared on a going concern basis and a historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2020/21, the values of fixed assets expressed in current cost terms, with the exception of the Works of Art Collection, are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet. Assets held in the Works of Art Collection are disclosed at market value.

Arts Council England no longer owns any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 86.

1b. INCOME

Grant-in-Aid from the Department for Digital, Culture, Media and Sport is taken to the Statement of Financial Activities in the year to which it relates. All other income is accounted for once entitlement is probable.

1c. EXPENDITURE

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. In this respect, we have not been able to comply with paragraph 7.19 of the SORP issued by the Charity Commission in 2019. The Trustees do not believe this would provide a true and fair view of Arts Council England's resources. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Expenditure classified as activities undertaken directly relates to expenditure supporting the arts other than grants. This includes the cost of delivering major arts policies and projects. Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Governance costs comprise an apportionment of general administration expenditure based on an estimate of staff time and direct costs such as the cost of administering National Council and external and internal audit.

1d. DEPRECIATION AND FIXED ASSETS

Tangible fixed assets excluding heritage assets

Depreciation is provided on all tangible fixed assets (excluding freehold land) at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- freehold buildings: 50 years
- leasehold buildings: life of the lease
- fixtures and fittings: five years
- motor vehicles: five years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Except for heritage assets, all individual assets valued greater than £2,000 are capitalised. There is no *de minimis* limit for heritage assets.

Heritage assets

Arts Council England is guardian and trustee over one collection of heritage assets which is held in furtherance of our mission to champion, develop and invest in artistic and cultural experiences that enrich people's lives. The collection is accounted for as follows:

Works of art

The Works of Art Collection is revalued at market value on a rolling basis, with the highest value items revalued annually. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. Any surplus or deficit on revaluation is reported in the statement of financial activities. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at current value ascertained by the curator with reference to current knowledge of prices, the market and the advice of other experts where necessary.

1e. LEASES

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease. Lease incentives (eg rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

1f. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1g. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

All employers are legally required to enrol their staff onto a workplace pension scheme. As such we now also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension) if they choose not to join the Arts Council Retirement Plan.

1h. APPORTIONED COSTS

Arts Council England incurs administration costs that relate to activities funded from Grant-in-Aid and the National Lottery Distribution Fund. We are required to apportion these costs between the two areas on a full cost basis in accordance with good accounting practice.

In accordance with the Charities SORP we have apportioned administration costs between our different activities. We have recharged both pay and non-pay expenditure using staff time as a basis for calculating the apportionment. The notes to the statement of financial activities will show the costs apportioned to Arts Council England Lottery distribution accounts where appropriate.

1i. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policy during 2020/21.

For organisations which prepare their accounts under IFRS, a new accounting standard, IFRS16 (Leases), came into effect during 2019/20.

As our Grant-in-Aid accounts are prepared under Charities SORP (FRS102) we do not have to comply with this Standard and are required to continue using IAS17 instead.

1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. There has been no impact on the accounts. Further information on our financial instruments is disclosed within Note 26.

1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

2 INCOME

2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
DONATIONS AND LEGACIES					
CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL					
Core funding – revenue	**347,936**	**–**	**–**	**347,936**	346,706
Administration	**15,216**	**3,431**	**–**	**18,647**	17,090
Core capital	**1,270**	**–**	**–**	**1,270**	870
Ring-fenced funds	**–**	**862,622**	**–**	**862,622**	127,390
	364,422	**866,053**	**–**	**1,230,475**	492,056
OTHER DONATIONS AND LEGACIES					
Donations/Bequests	**0**	**78**	**72**	**150**	76
Donations and Legacies income	**364,422**	**866,131**	**72**	**1,230,625**	492,132

2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
INVESTMENT INCOME					
Bank Interest received	–	–	–	–	136
Dividend Income	–	–	**6**	**6**	13
Investment Income	–	**0**	**6**	**6**	149

3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
GRANTS, SPONSORSHIP AND DONATIONS RECEIVED				
Local Authorities	**17**	–	**17**	274
Non-government bodies	**30**	**4**	**34**	–
Other central Government bodies	**414**	**2,436**	**2,850**	442
Other grants, sponsorship and donations	**10**	–	**10**	12
Public Corporations	**12**	–	**12**	–
Sundry	**30**	–	**30**	7
Net incoming/(outgoing) resources for the year	**513**	**2,440**	**2,953**	735

4. ANALYSIS OF EXPENDITURE

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
National Portfolio Organisations and Major Partner Museums		339,834	2,817	**342,651**	343,317
Arts Council National Lottery Project Grants		1,762	69	**1,831**	286
Development and investment funds	3,372	24,889	3,904	**32,165**	29,242
Music Education Hubs		78,260	1,232	**79,492**	78,205
Restricted – Other		775,935	11,353	**787,288**	44,354
Lapsed and revoked commitments		(1,317)	–	**(1,317)**	(1,908)
	3,372	**1,219,363**	**19,375**	**1,242,110**	493,495

National Portfolio Organisations are those organisations of strategic importance with which the Arts Council has long-term, multi-year funding agreements. Development funding and activities are those specific projects funded by grants and direct arts expenditure. They provide essential leverage for national, regional and local partnerships, and act as investment in seed funding, research and development for the arts in England.

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 – £100,000 for arts, museums and libraries projects, replacing Grants for the Arts. The programme sets out to achieve the Arts Council's mission, 'Great art and culture for everyone'. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the hub. Hubs are coordinated by the hub lead organisation, which takes on responsibility for the funding and governance of the hub. The total amount of funding from the Department for Education in 2020/21 was £78.81 million (2019/20: £77.53 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These include £695 million in relation to the Culture Recovery Fund (2019/20 £0 million)

4b. ANALYSIS OF SUPPORT COSTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

	TOTAL SUPPORT COSTS 20/21	LESS CHARGED TO LOTTERY £000s	TOTAL GIA 2020/21 £000s	TOTAL GIA RESTATED 2019/20
Staff costs	25,397	(13,188)	**12,209**	13,715
Indirect staff costs	782	74	**856**	568
Premises	2,095	(1,047)	**1,048**	1,391
Supplies & Services	3,298	(1,626)	**1,672**	1,427
Travel & Subsistence	39	(20)	**19**	847
Professional Fees	3,383	(813)	**2,570**	939
Central Costs	480	(130)	**350**	396
Depreciation	693	–	**693**	664
Other recharges	–	(353)	**(353)**	(313)
IT project costs	633	(322)	**311**	189
	36,800	**(17,425)**	**19,375**	19,822
Corporate governance costs included above	–	–	**629**	1,333

Some figures which were classified in Note 4a as "Activities undertaken directly" in previous years have now been reclassified as "Net Support Costs". As a result of this the prior year figures for Note 4b have been restated to ensure that the figures in both tables are consistent.

4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
National Portfolio Organisations and Major Partner Museums	339,834	–	**339,834**	335,948
Arts Council National Lottery Project Grants	1,147	615	**1,762**	279
Strategic development, communications & advocacy	12,394	12,495	**24,889**	16,018
Music Education Hubs	78,260	–	**78,260**	76,985
Culture Recovery Funds	688,954	–	**688,954**	–
Restricted – Other	86,981	–	**86,981**	42,213
Lapsed and revoked commitments	(1,317)	–	**(1,317)**	(1,908)
	1,206,253	**13,110**	**1,219,363**	469,535

A detailed breakdown of all grant commitments can be found at:
www.artscouncil.org.uk/governance/spending

5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2020/21 £000s	TOTAL 2019/20 £000s
STAFF COSTS COMPRISE					
Salaries and wages	20,125	1,653	10,405	**8,067**	10,926
Employer's National Insurance	2,135	171	982	**982**	974
Employer's pension contributions	3,811	316	1,753	**1,742**	1,899
Redundancy Costs	21	–	(1)	**22**	86
Agency staff	938	814	49	**75**	108
	27,030	**2,954**	**13,188**	**10,888**	13,993

Total salary costs were significantly lower this year mainly due to pension fund costs. During 2019-20 the costs of the ACRP deficit repayment plan (totalling £2.1m) were charged to the SoFA. These costs did not recur during 2020-21. In addition to this we received a lump sum payment from Staffordshire Pension Fund totalling approximately £1.6m which was also credited to the SoFA. Both of these issues resulted in staff costs being lower than the last financial year

The average number of full-time equivalent employees during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2020/21	2019/20
Direct delivery of programmes	13	–	**13**	15
Support & corporate governance	534	19	**553**	523
	547	**19**	**566**	538

The average number of employees (headcount) during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2020/21	2019/20
Direct delivery of programmes	14	–	**14**	17
Support & corporate governance	579	25	**604**	577
	593	**25**	**618**	594

5b. EMOLUMENTS BY BANDS

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

	PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	**DEFINED BENEFIT**	**DEFINED CONTRIBUTION**	**NO PENSION**	**TOTAL 2020/21**	TOTAL 2019/20
£60,000-£69,999	**14**	**3**	**–**	**17**	13
£70,000-£79,999	**8**	**–**	**–**	**8**	7
£80,000-£89,999	**5**	**–**	**–**	**5**	7
£90,000-£99,999	**–**	**–**	**–**	**–**	–
£100,000-£109,999	**1**	**–**	**–**	**1**	–
	28	**3**	**–**	**31**	**27**

6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2020/21, due to Covid-19 and the various lockdowns, the total cost of tickets purchased for this purpose was £0 (2019/20: £1,394). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in note 8.

7. PENSIONS

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

WEST YORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 294,000 members in 451 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2021, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The funded nature of the LGPS requires Arts Council England and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2021. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2021	31 MARCH 2020	31 MARCH 2019
Discount rate	**2.1%**	**2.3%**	2.4%
CPI inflation	**2.7%**	**2.0%**	2.2%
Rate of increase to pensions in payment	**2.7%**	**2.0%**	2.2%
Rate of increase to deferred pensions	**2.7%**	**2.0%**	2.2%
Rate of general increase in salaries	**3.95%**	**3.25%**	3.45%

ASSET ALLOCATION

	VALUE AT 31 MARCH 2021 %	VALUE AT 31 MARCH 2020 %
Equities	**78.9%**	77.5%
Property	**4.0%**	4.5%
Government bonds	**9.0%**	9.6%
Corporate bonds	**4.8%**	5.1%
Cash	**1.3%**	1.9%
Other	**2.0%**	1.4%
Total	**100%**	100%

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2021 £millions	VALUE AS AT 31 MARCH 2020 £millions	VALUE AS AT 31 MARCH 2019 £millions
Fair value of assets	**45.364**	36.273	41.401
Present value of funded liabilities	**45.868**	40.247	43.595
Pension liability recognised on the balance sheet	**(0.504)**	(3.974)	(2.194)

AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2021 £millions	PERIOD ENDING 31 MARCH 2020 £millions
OPERATING COST:		
Current service cost	**0.131**	0.136
Past service cost	**–**	0.021
FINANCING COST:		
Interest on net defined benefit liability/(asset)	**0.084**	0.081
Pension expense recognised in other comprehensive income	**0.215**	0.238

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2021 £millions	PERIOD ENDING 31 MARCH 2020 £millions
Asset gains/(losses) arising during the period*	**7.309**	(5.117)
Liability gains/(losses) arising during the period	**(5.916)**	3.169
Total amount recognised in other comprehensive income	**(1.393)**	(1.948)

CHANGES TO THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2021 £millions	PERIOD ENDING 31 MARCH 2020 £millions
Opening defined benefit obligation	**40.247**	43.595
Current service cost	**0.131**	0.136
Past service cost	**–**	0.021
Interest expense on defined benefit obligation	**0.910**	1.030
Contributions by participants	**0.030**	0.028
Actuarial (gains)/losses on liabilities	**5.916**	(3.169)
Net benefits paid out	**(1.366)**	(1.394)
Closing defined benefit obligation	**45.868**	40.247

CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2021 £millions	PERIOD ENDING 31 MARCH 2020 £millions
Opening fair value of assets	**36.273**	41.401
Interest income on assets	**0.826**	0.949
Remeasurement gains/(losses) on assets	**7.309**	(5.117)
Contributions by the employer*	**0.646**	0.406
Contributions by participants	**0.030**	0.028
Net benefits paid out**	**(1.366)**	(1.394)
Net increase in assets from disposals/acquisitions	**1.646**	0.000
Closing fair value of assets	**45.364**	36.273

* FOR 2020/21 THIS INCLUDES AN ADDITIONAL £500,000 LUMP SUM DEFICIT REDUCTION PAYMENT INTO THE FUND BY THE EMPLOYER (2019/20: £300,000).

** CONSISTS OF NET BENEFITS CASH FLOW OUT OF THE FUND IN RESPECT OF THE EMPLOYER, INCLUDING AN APPROXIMATE ALLOWANCE FOR THE EXPECTED COST OF DEATH IN SERVICE LUMP SUMS.

*** A PAYMENT OF £1,645,943 WAS RECEIVED FROM STAFFORDSHIRE PENSION FUND IN RELATION TO 13 MEMBERS OF STAFF WHO TRANSFERRED TO ARTS COUNCIL ENGLAND FROM THE REGIONAL ARTS BOARD.

ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2021 £millions	PERIOD ENDING 31 MARCH 2020 £millions
Interest income of assets	**0.826**	0.949
Gain/(loss) on assets	**7.309**	**(5.117)**
Total amount recognised in other comprehensive income	**8.135**	(4.168)

The 2021 valuation results included the transferred liabilities for 49 active members who transferred from the former Arts Boards. At the beginning of the year transfer payments were still outstanding from Surrey (11 members) and Staffordshire (13 members) Pension Funds in relation to their members who had transferred to Arts Council England. In February 2021 a payment of £1,645,943 was received from Staffordshire Pension Fund in relation to the transferred liabilities of their members. Discussions with Surrey Pension Fund are ongoing.

Amounts due to the West Yorkshire Pension Fund at 31 March 2021 were £16,435 (31 March 2020: £nil).

ARTS COUNCIL RETIREMENT PLAN (1994)

The scheme is a defined benefit scheme. Other employers contributing to the scheme are the Arts Council of Wales, Creative Scotland, the Crafts Council and Tŷ Cerdd – Music Centre Wales. Because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102). The actuaries of the fund are Hymans Robertson.

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2021 was £213.7 million (2020: £176.9 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2019, the actuarial value of the assets using the projected unit method was sufficient to cover 89 per cent of the value accrued to members, a deficit of £21,700,000. On the advice of the actuary, with effect from 1 April 2020, we are paying employer's contributions of 19.9 per cent of pensionable salary for Arts Council England employees and 27.2 per cent of pensionable salary for employees who transferred to Arts Council England from Museums, Libraries and Archives. Arts Council England made a lump sum contribution of £1.8 million to the Plan in February 2021 in lieu of its share of future deficit contributions and as a consequence is no longer required to pay any further contributions towards the deficit.

The main long-term assumptions used for the actuarial valuation were as follows:

Consumer prices inflation rate	Bank of England RPI curve, less 1.3% pa
Long-term rate of pay increases	In line with CPI inflation
Rate of pension increases	In line with CPI inflation
Discount rate (past service)	Bank of England gilt yield curve, plus 1.25% pa
Discount rate (future service)	Bank of England gilt yield curve, plus 1.60%

Arts Council England is a participating employer in the Arts Council Retirement Plan (1994) together with four other separate organisations. There is no legal separation of the Plan's assets or liabilities and as such there is a certain amount of inevitable cross subsidy between participating employers depending on the experience of their own members. Under the Plan's rules there is also no requirement or discretion to segregate the assets of the scheme in event of the cessation of a participating employer. As such it is a 'last man standing' arrangement and the remaining employers would become liable for meeting the pension obligations of other participating employers who cease participation.

Amounts due to the fund at 31 March 2021 were £432,674 (31 March 2020: £409,000).

THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation.

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2020/21 were £5,383,191, including a lump sum deficit reduction payment of £1,803,500 (2019/20: £4,401,703 including lump sum payment of £700,000). Employer contributions to The People's Pension were £96,587 (2019/20: £100,033).

8. NET EXPENDITURE FOR THE YEAR

Net expenditure of £8,470,061 (2019/20: £547,594) is stated after charging:

	TOTAL 2020/21 £000s	TOTAL 2019/20 £000s
Auditors' remuneration	**80**	73
Operating leases	**2,119**	2,141
Council members' travel, subsistence and hospitality for the 15 serving members during the year	**6**	34
Insurance: trustees' and senior officers' indemnity	**7**	6
Depreciation	**692**	664
Impairment	**10**	1,900

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT.

9. LEGACY BEQUESTS

Arts Council England is the beneficiary of several legacies. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. The Compton and Thornton legacies consist of a mixture of stocks/shares and cash: the Compton Poetry Fund consists of £277,000 in shares and £42,000 cash; the Thornton fund consists of £55,000 in shares and £57,000 cash. Both legacies were incorporated into Arts Council England's accounts during 2013/14; the values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2018/19, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this was £108,000 and consisted entirely of cash. No conditions were attached to the donation. During the course of 2020/21 the Arts Council received three additional legacies totalling £64,000.

	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2020	319	112	108	–	**539**
Income received in-year	3	3	8	64	**78**
Gains/(losses) on investments	53	13	–	–	**66**
Expenditure	–	–	–	–	**–**
Closing Balance – 31 March 2021	**375**	**128**	**116**	**64**	**683**

10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	FREEHOLD LAND AND BUILDINGS £000s	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART £000s	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2020	–	8,738	4,497	**13,235**	249,943	**263,178**
Additions	–	1,044	89	**1,133**	347	**1,480**
Revaluations	–	–	–	**–**	2,648	**2,648**
Less: disposals	–	–	–	**–**	–	**–**
Cost or valuation at 31 March 2021	–	9,782	4,586	**14,368**	252,938	**267,306**
Depreciation at 1 April 2020	–	6,526	3,743	**10,269**	–	**10,269**
Less depreciation on disposals	–	–	–	**–**	–	**–**
Impairment	–	–	–	**–**	10	**10**
Provided for 2020/21	–	381	311	**692**	–	**692**
Depreciation at 31 March 2021	–	6,907	4,054	**10,961**	10	**10,971**
Net book value at 31 March 2021	–	2,875	532	**3,407**	252,928	**256,335**
Net book value at 31 March 2020	–	2,212	754	**2,966**	249,943	**252,909**

WORKS OF ART – ARTS COUNCIL COLLECTION

Unlike our other fixed assets there is no *de minimis* capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000.

The Works of Art Collection has been built up since 1946 and consists of 8,033 items at 31 March 2021. The purpose of the Collection is to broaden the appreciation and public awareness of modern and contemporary British art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre through the Hayward Gallery.

Valuation

The Director of the Arts Council Collection has valued the Collection at £252,927,990 at 31 March 2021 (31 March 2020: £249,943,602). Valuation of the Arts Council Collection is undertaken on a rolling programme using current knowledge of prices, the market and, where necessary, the Director seeks the advice of other experts. The policy is that the top 100 most valuable items are valued on an annual basis as are any items that are out on long-term loan and works required for exhibitions. Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and is provided to the auditors for review.

Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising six individuals who are the Director, Arts Council Collection, Director Visual Arts, Arts Council England, Director, Hayward Gallery, plus external advisers who are usually an artist, a writer and a curator. The committee is currently chaired by a member of the Arts Council's National Council. The external advisors to the committee are appointed for a fixed two-year tenure. Additionally, a representative from each of the Arts Council Collection's National Partner galleries sits for one year on a rotating basis. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England Capital budget.

Any offers of gifts to the Arts Council Collection are brought to the attention of the Acquisitions Committee which decides on their suitability. The procedure for the loss or destruction of works of art is implemented if an item is irretrievably lost or damaged beyond repair. This requires the Director of the Arts Council Collection to report details to the Director of the Hayward Gallery (in cases of vandalism or theft), and the Director, Visual Arts, Arts Council England, who then seeks approval from the Arts Council England National Council to write off the item. The write-off in accounting records is implemented by the Director of Finance, Arts Council England, who takes into account any insurance claims. Funds claimed in this way are paid into the Arts Council Collection acquisition allocation and earmarked to replace the lost items depending on the advice of the current purchasers. If it is not possible to replace a work because the artist is deceased, there are

no suitable replacements or equivalent works have become too expensive, the funds are transferred into the acquisition fund.

Preservation

The condition of the works is checked on The condition of the works is checked on receipt, before going out on loan and on return from loan. Master condition files are maintained and kept at Winchester House and Longside (for sculpture) and copies of the latest version are made when loans go out. Normally, required restoration is carried out by fully accredited conservators, either at their studios or at Longside or Winchester House. Any unfitting of frames or restoration carried out away from Winchester House or Longside must be authorised by the Director of the Arts Council Collection or a Collection Curator. Artists are consulted and involved in restoration when possible and practical. Each year a number of works on paper, photographs, paintings and sculpture are conserved as a matter of course. All conservation is reported annually to the Arts Council England National Council in the form of the Collection's annual report on activities.

Collection management

The Director of the Arts Council Collection reports to the Director of the Hayward Gallery on day-to-day matters and is responsible to the Director, Visual Arts, at Arts Council England on policy. Arts Council Collection staff salaries are paid by the Southbank Centre from the collection management grant from Arts Council England to the Southbank Centre as part of the Hayward Gallery budget. A ring-fenced fund within the Southbank Centre and Arts Council England covers the operational costs of the Arts Council Collection's activities.

Access

Public access to the works of art is achieved through collaboration and a broad range of programming that includes Arts Council Collection touring exhibitions, the National Partners Programme and an extensive lending programme of artwork that is lent to institutions and galleries, both at home and abroad. It also lends work to public institutions such as universities, libraries, hospitals and schools, alongside Arts Council Collection digital and communications engagement on its website and via social media such as Twitter, Instagram and Facebook.

PARTNERSHIPS

The National Partners Programme, launched in 2016, is a three-year programme which enables three galleries in England to curate exhibitions drawn directly from the Arts Council Collection. Some of these exhibitions are organised between the partners to encourage collaborative working and sharing of resources. The National Partners Programme is accessed via application and open to all areas with the exception of London. The National Partners Programme is supported by outreach and digital activities with the specific target aims of engaging children and young people, people from Black, Asian and Ethnically Diverse backgrounds, people from lower socio-economic backgrounds and the over-75s. The four regional partners for 2016-19 were Birmingham Museums Trust, The Towner, Eastbourne, Walker Art Gallery Liverpool, and Yorkshire Sculpture Park. The partners for 2019-22 are Firstsite, Colchester, Newlyn Art Gallery and the Exchange, Penzance and Sunderland Culture.

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections, through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project Transforming Collections: Re-Imaging Art, Nation and Heritage. The Arts Council Collection previously participated in the 'Black Artists and Modernism' research led by artist Sonya Boyce. Of the 11 collections which were included in the research, the Arts Council Collection held the highest representation of works by Black, Asian and Ethnically Diverse artists (252 artworks by 94 artists).

The Arts Council Works of Art Collection heritage assets are reported at valuation in the table below:

	2020/21 £000s	2019/20 £000s	2018/19 £000s	2017/18 £000s	2016/17 £000s
Cost or valuation at 1 April	**249,943**	241,012	169,121	163,388	156,195
Additions	**267**	238	301	358	628
Donations	**80**	64	47	–	127
Revaluations	**2,648**	10,529	72,095	5,375	6,438
Less: impairment	**(10)**	(1,900)	(524)	–	–
Less: disposal	**–**	–	(28)	–	–
Cost or valuation at 31 March	**252,928**	249,943	241,012	169,121	163,388

11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2021, £1,488,000 was owed by Lottery to Grant-in-Aid (2019/20: £3,042,000)

12. DEBTORS

	31 MARCH 2021 £000s	31 MARCH 2020 £000s
Trade debtors	**2,622**	115
DCMS debtors	**283,936**	101,675
Other debtors	**371**	156
Prepayments and accrued income	**1,122**	1,406
	288,051	103,352

13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. Payments totalling £1,127,748 were made during 2020/21 (2019/20: £5,554,581).

14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2018/19. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2021 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	**31 MARCH 2021 £000s**	31 MARCH 2020 £000s
2020/21	**–**	412,127
2021/22	**417,182**	337,420
	417,182	749,547

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	31 MARCH 2021 £000s	31 MARCH 2020 £000s
Trade creditors	**3,598**	2,712
Other creditors including taxes and social security	**519**	17
Accruals	**1,942**	1,107
Deferred income	**727**	805
	6,786	4,642

16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	EMPLOYMENT £000s	PENSION DEFICIT £000s	TOTAL £000s
At 31 March 2020	965	4	50	2,069	**3,088**
Arising during the year	99	6	–	–	**105**
Used during the year	–	(3)	(45)	(2,054)	(2,102)
Reversed unused	(5)	–	(5)	(15)	**(25)**
At 31 March 2021	**1,059**	**7**	**–**	**–**	**1,066**
EXPECTED TIMING OF CASH FLOWS					
Provisions due within one year	–	7	–	–	**7**
Provisions due in more than one year	1,059	–	–	–	**1,059**

DESCRIPTION OF PROVISIONS

a) *Dilapidations*
Provision for dilapidations for leased premises (to cover the costs of any necessary reinstatement and repairs to the property at the termination of the lease).

b) *Tax*
Provision for payroll taxes owed to HMRC for any expenses and benefits paid to employees where tax has not been deducted at source.

c) *Employment*
Provision for estimated staff redundancy costs.

d) *Pension deficit*
Provision for ACRP Pension scheme deficit contributions.

17. RECONCILIATION OF MOVEMENT IN FUNDS

	AT 31 MARCH 2020 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2021 £000s
Endowment funds	539	**78**	**–**	**65**	**–**	**682**
Restricted funds	651	**868,491**	**(868,414)**	**–**	**–**	**728**
Unrestricted income funds	11,846	**380,824**	**(389,641)**	**(2,077)**	**(651)**	**301**
CAPITAL FUNDS						
Designated funds	8,178	**267**	**–**	**(11)**	**–**	**8,434**
Revaluation reserve	236,296	**–**	**–**	**2,643**	**–**	**238,939**
Donated asset reserve	5,471	**80**	**–**	**5**	**–**	**5,556**
Capital reserve	2,967	**1,270**	**(1,480)**	**–**	**651**	**3,408**
Pension reserve	(3,974)	**–**	**–**	**3,470**	**–**	**(504)**
	261,974	**1,251,010**	**(1,259,535)**	**4,095**	**–**	**257,544**

DESCRIPTION OF FUNDS

Endowment funds

Arts Council England is the beneficiary of various legacies including the Compton Poetry Fund, the McCann Fund, and the Thornton Fund.

Restricted funds

The Arts Council receives specific ring-fenced Grant-in-Aid as well as grants, sponsorship and donations from various other sources for specific activities. Any such income and associated expenditure is identified separately.

Unrestricted income funds

Grant-in-Aid is received from the Department for Digital, Culture, Media and Sport. This is the Arts Council's main source of income and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council. Use of these funds in subsequent years is restricted by the Government's budgetary controls.

Capital funds

a) *Designated funds*
This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

b) *Revaluation reserve*
This fund shows the difference between the original purchase cost (which is shown within Designated Funds above) and the current market value of the Arts Council Collection.

c) *Donated asset reserve*
This fund relates mainly to donations received by the Arts Council for obtaining Works of Art for our Collection.

d) *Capital reserve*
The capital reserve represents the balance of tangible assets.

e) *Pension reserve*
The pension reserve reflects the movements in the West Yorkshire Pension Fund defined benefit scheme.

18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2020/2021 £000s	2019/2020 £000s
Net income/(expenditure)	**(8,471)**	(550)
Interest receivable	**–**	(136)
(Profit)/Loss on disposal of Fixed Assets	**–**	–
Dividends received	**(6)**	(13)
Depreciation and impairment charges	**693**	664
Revaluation of (gains)/losses on fixed assets	**–**	–
Actuarial (gains)/losses on defined benefit pension schemes	**–**	–
(Gains)/losses on investments	**(55)**	70
Decrease/(increase) in debtors and prepayments	**(183,146)**	(60,015)
Decrease/(increase) in grants paid in advance	**4,427**	(4,651)
Increase/(decrease) in grants outstanding	**363,913**	(16,114)
(Decrease)/increase in creditors	**2,144**	609
(Decrease)/increase in provisions	**(2,023)**	2,218
(Decrease)/Increase in defined benefit liability	**(2,078)**	(168)
Net cash provided by/(used in) operating activities	**175,399**	(78,086)

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2020/2021 £000s	2019/2020 £000s
(Decrease)/increase in cash and cash equivalents in the year	**173,847**	(78,875)
Cash at 1 April 2019	**14,389**	93,264
Cash at 31 March 2021	**188,236**	14,389

20. ANALYSIS OF NET CASH

	1 APRIL 2020 £000s	CASH FLOW £000s	**31 MARCH 2021 £000s**
Cash in hand	14,389	173,847	**188,236**

21. LEASES

At 31 March 2021 the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	**31 MARCH 2021 £000s**	31 MARCH 2020 £000s
within one year	**1,774**	1,711
within two and five years inclusive	**2,728**	3,995
over five years	**265**	379
	4,767	6,085

THE LEASES RELATE PRIMARILY TO THE NINE OFFICES THAT ARE OCCUPIED BY ARTS COUNCIL ENGLAND.

22. SOUTHBANK CENTRE LEASE

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the Southbank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

23. ROYAL NATIONAL THEATRE LEASE

The Arts Council owns the freehold of the Royal National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

24. CAPITAL COMMITMENTS

As at 31 March 2021 the total value of capital commitments was £nil (2019/20: £nil).

25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensations payments or ex-gratia payments. No losses were incurred and no special payments were made during 2020/21.

	2020/2021 £000s	2019/2020 £000s
Total value of losses	–	2
Total number of losses	–	2

26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Digital, Culture, Media and Sport (99.76 per cent) (2019/20: 99.79 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (98.6 per cent) (2019/20: 96.3 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of various legacies: the three main ones are the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £683,000 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Digital, Culture, Media and Sport in 2018.

In the past 12 months, 0.24 per cent of funding was received from sources other than DCMS. This meant that 99.76 per cent of funding was sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

26b. INTEREST RATE RISK

As an Arms-Length Body of the Department for Digital, Culture, Media and Sport, our bank accounts are with the Government Banking Service, which is operated by RBS NatWest. This means that surplus daily cash balances are offset against overall Government debt by HM Treasury, thereby reducing the amount of interest which is paid by the Government. However, this means that no credit interest is received Arts Council England.

26c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2021 £000s	31 MARCH 2020 £000s
DCMS debtor	**283,935**	101,675
Trade debtors	**2,622**	115
Other debtors	**372**	156
Accrued income	**1,122**	1,406
Due from Arts Council Lottery accounts	**1,488**	3,042
Cash at bank and in hand	**188,236**	14,497
	477,775	120,891

In our view the book value of the assets is the same as the fair value.

26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2021 £000s	31 MARCH 2020 £000s
Grants outstanding	**470,021**	106,107
Trade creditors	**3,598**	2,712
Other creditors including taxes and social security	**519**	17
Accruals	**1,942**	1,107
Deferred income	**727**	805
	476,807	110,748

INCLUDED WITHIN THE FINANCIAL LIABILITIES ARE AMOUNTS SUCH AS GRANTS OUTSTANDING, TAX AND NATIONAL INSURANCE, AND DEFERRED INCOME. WHILE THESE LIABILITIES ARE NOT CONTRACTUAL, THEY HAVE BEEN DISCLOSED ABOVE IN THE INTERESTS OF COMPLETENESS.

27. RELATED PARTIES

27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed in the following table.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	371	146	Cornubian Arts and Science Trust (CAST)	Partner is a Chair of the Trust
	123	–	Intoart	Tate Exchange organisation
	250	250	Kneehigh Theatre Trust	Partner is an Advisory Committee member
	15	15	Ligeti Quartet	Niece is a manager
	118	8	NMC Recordings Ltd.	Sister is a trustee
Andrew Miller MBE	15,290	–	Royal Shakespeare Company	Other/Governor
	185	46	TheSpace C.I.C.	Board Member
	45	45	Arts Council Wales	Board Member
	342	167	Corby Cube Theatre Trust	Executive associate
	5,900	4,500	Coventry City of Culture Trust	Advisor/consultant
	3,410	1,288	Northampton Theatres Trust	Executive associate
	412	52	Shape London	Advisor/consultant
	102	–	Tete a Tete	Advisor/consultant
	169	–	Unlimited Theatre	Advisor/consultant
Catherine Mallyon	15,290	–	Royal Shakespeare Company	Executive Director (remunerated) and Board
	1,323	763	City of Birmingham Symphony Orchestra	Partner is a Board Member
	200	20	Creative Industries Federation	Board Member
	185	68	Orchestra of the Swan	Advisory Council Member
	3,271	305	Shakespeare Birthplace Trust	Advisory Council Member
	198	198	Watermill Theatre	Board Member (not remunerated)

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Ciara Eastell	175	–	Libraries Unlimited South West	Trustee and CEO (remunerated)
	24	24	Double Elephant CIC	Partner is a director
David Joseph	29	–	Julie's Bicycle	Director/Trustee
Elisabeth Murdoch	163	163	Arnolfini Gallery	Freelands Foundation, of whom Elisabeth is founder and Chair, funded this Organisation
	45	45	Arts Council of Wales	Freelands Foundation Organisation
	3,221	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	1,172	130	Camden Arts Centre	Freelands Foundation Organisation
	309	62	Create London	Freelands Foundation Organisation
	1,571	743	Firstsite Ltd	Freelands Foundation Organisation
	1,265	213	Ikon Gallery	Freelands Foundation Organisation
	233	–	Institute of International Visual Arts	Freelands Foundation Organisation
	613	–	John Hansard Gallery	Freelands Foundation Organisation
	296	–	Kettle's Yard	Freelands Foundation Organisation
	11	–	Manchester Metropolitan University	Freelands Foundation Organisation
	765	150	MK Gallery	Freelands Foundation Organisation
	1,045	54	Modern Art Oxford	Freelands Foundation Organisation
	1,352	160	Nottingham Contemporary	Freelands Foundation Organisation
	1,266	501	Somerset House Trust	Freelands Foundation Organisation
	1,407	232	South London Gallery	Freelands Foundation Organisation
	250	85	Spike Island Art Space Ltd	Freelands Foundation Organisation
	868	–	The Artangel Trust	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	756	371	The Whitworth, University of Manchester	Freelands Foundation Organisation
	918	425	Towner Art Gallery	Freelands Foundation Organisation
	786	10	Turner Contemporary	Freelands Foundation Organisation
	2,141	402	Yorkshire Sculpture Park	Freelands Foundation Organisation
	517	–	a-n The Artists Information Company	Freelands Foundation Organisation
	97	1	Open School East	Freelands Foundation Organisation
	432	11	Site Gallery	Freelands Foundation Organisation
	220	88	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	869	–	New Art Exchange Ltd	Freelands Foundation Organisation
	174	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
	923	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
Helen Birchenough	1,964	260	Wiltshire Creative	Board Member
Kate Willard	850	–	Equity Charitable Trust	Member
	20	10	South East Local Enterprise Partnership	Chair of Opportunity South Essex
Michael Eakin	3,817	875	Royal Liverpool Philharmonic	Director – remunerated
Paul Roberts	116	18	A New Direction London Limited	Advisor/Consultant – Not remunerated
	1,352	160	Nottingham Contemporary	Board Member – Not remunerated

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Professor Roni Brown	786	10	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
	112	–	Artswork	Board Member
	645	24	Creative Foundation	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
	302	118	Farnham Maltings Association	Partner is a director
	249	50	University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
Ruth Mackenzie CBE	343	48	Improbable	Board Member
	3,125	1,909	Serpentine Galleries	Board Member
Sukhy Johal MBE	271	228	The University of Lincoln	Employee
	869	–	New Art Exchange Ltd.	Board Member
	199	45	Threshold Studios	Partner is a Project Director
Tessa Ross CBE	200	20	Creative Industries Federation	Board Member
	1,380	630	Donmar Warehouse Projects Ltd	Trustee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2020 £000s	BALANCE UNPAID AS AT 31 MARCH 2020 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	529	107	Britten Sinfonia	Sister is a trustee
	40	–	NMC Recordings Ltd.	Sister is a donor
Andrew Miller MBE	–	102	TheSpace C.I.C.	Board Member
Catherine Mallyon	–	198	City of Birmingham Symphony Orchestra	Partner is a Board Member
	15,274	150	Royal Shakespeare Company	Executive Director and Board Member
	267	–	Shakespeare Birthplace Trust	Advisory Council Member
Elisabeth Murdoch	920	–	Camden Arts Centre	Freelands Foundation, of whom Elisabeth is founder and Chair, funded this organisation
	815	2	Firstsite Ltd	Freelands Foundation Organisation
	602	150	John Hansard Gallery	Freelands Foundation Organisation
	291	4	Kettle's Yard	Freelands Foundation Organisation
	393	1	MK Gallery	Freelands Foundation Organisation
	1,066	30	Nottingham Contemporary	Freelands Foundation Organisation
	90	–	Open School East	Freelands Foundation Organisation
	314	–	Site Gallery	Freelands Foundation Organisation
	811	–	South London Gallery	Freelands Foundation Organisation
	50	25	Spike Island Artspace Ltd	Freelands Foundation Organisation
	1,313	174	Yorkshire Sculpture Park	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2020 £000s	BALANCE UNPAID AS AT 31 MARCH 2020 £000s	ORGANISATION	RELATIONSHIP TYPE
Helen Birchenough	–	5	Salisbury Arts Theatre Ltd	Board Member
	1,278	–	Wiltshire Creative	Board Member
Michael Eakin	2,382	15	Royal Liverpool Philharmonic	Employed as a Director
Roni Brown	1,794	–	Contemporary Dance Trust	The Place is an NPO and there is a proposal for partnership between UAL and The Place
	400	–	Creative Foundation	Creative Foundation and UCA have a financial agreement for services
	37	4	Farnham Maltings Assocation	Partner is Chief Executive
	228	–	Institute of International Visual Arts	Arts Council funded organisation that is hosted at University of the Arts London
	71	35	University of the Arts London – Afterall	UAL research centre, funded by ACE
Ruth Mackenzie CBE	1,194	–	Serpentine Galleries	Board Member
Sukhy Johal MBE	247	–	Lincoln Arts Trust Limited	Lincoln One Venues (Youth Music funds and receives element of NPO funds via drill hall)
	80	–	Threshold Studios	Partner is an employee and Project Director
Tessa Ross CBE	505	–	Donmar Warehouse Projects Ltd	Trustee
Paul Roberts OBE	1,066	30	Nottingham Contemporary	Board Member

27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley	200	20	Creative Industries Federation	Vice-chair and member of Advisory Group
	15	15	Cultural Institute, University of Leeds	Unpaid member of Advisory Group
Elisabeth Bushell	2,207	1,374	Bletchley Park Trust	Board Member
Peter Knott	764	3	One Dance UK	Partner is paid Chair of Young People panel
	3,270	466	Leicester Theatre Trust	Partner is Head of Learning
Phillip Gibby	25	25	RISE Youth Dance	Partner is advisor/consultant
	159	5	Theatre Bristol Ltd	Partner is employee
	128	52	Trigger	Partner is advisor/consultant
	6	–	University of Bath	Member of Court
Simon Mellor	21,038	21,008	Manchester City Council	Part-time Project Director of the Factory
	53	–	International Federation of the Arts	Board Member and Treasurer of the IFACCA
Mags Patten	28	–	The Stage Media Company Ltd	Part of the steering group
	–	2	The Clore Leadership Programme	Part of the steering group

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANT FOR THE YEAR ENDED 31 MARCH 2020 £000s	BALANCE UNPAID AS AT 31 MARCH 2020 £000s	ORGANISATION	RELATIONSHIP TYPE
Peter Knott	750	3	One Dance UK	Partner is an employee
	1,914	–	Leicester Theatre Trust	Partner is an employee

The declared interests of National Council members and Executive Board are available at the following link:

www.artscouncil.org.uk/national-council/national-council-register-interests

27c. OTHER GOVERNMENT BODIES

The Department for Digital, Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2021 £000s	DEBTOR 31 MARCH 2021 £000s	CREDITOR 31 MARCH 2020 £000s	DEBTOR 31 MARCH 2020 £000s
Balances with other DCMS Government bodies	**3,580**	**284,089**	5,325	101,675
Balances with other central Government bodies	**701**	**–**	522	–
Balances with academies	**807**	**47**	477	40
Balances with local authorities	**99,638**	**7**	119,189	18
Balances with NHS Trusts	**3**	**–**	–	–
Balances with public corporations and trading funds	**135**	**–**	151	–

During 2020/21, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE Y/E 31 MARCH 2021 £000s	**INCOME Y/E 31 MARCH 2021 £000s**	EXPENDITURE Y/E 31 MARCH 2020 £000s	INCOME Y/E 31 MARCH 2020 £000s
Transactions with other DCMS Government bodies	**4,932**	**1,051,375**	1,724	492,156
Transactions with other central Government bodies	**8,136**	**305**	5,952	207
Transactions with academies	**1,761**	**117**	390	196
Transactions with local authorities	**130,299**	**31**	77,881	274
Transactions with NHS Trusts	**–**	**–**	–	–
Transactions with public corporations and trading funds	**52**	**–**	90	–

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting treatments there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported deficit of £4,430,000 but our overall DEL underspend for the year was £333,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2021
Overspend/(Underspend as per SOFA)	4,430
EXCLUDE NON-DEL TRANSACTIONS	
Revaluation on Heritage Assets	2,648
FRS17 (Deficit)/Surplus	3,470
Gain on investments	55
Depreciation	(692)
Capital expenditure	1,400
Provisions adjustments	1,000
Legacy income	6
Donations	150
Legacy expenditure	–
Use of reserves	(12,800)
DEL Underspend (excluding Depreciation)	(333)
REPRESENTED BY :	
RDEL underspend	(281)
CDEL underspend	(52)
	(333)

29. CONTINGENT LIABILITIES

As at 31 March 2021, Arts Council England had no contingent liabilities.

30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

31 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2020/21 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2019/20 £000s
INCOME AND ENDOWMENTS FROM:								
Donations and legacies	**364,422**	**866,131**	**72**	**1,230,625**	363,538	128,595	–	492,133
Investments	**–**	**–**	**6**	**6**	136	–	13	149
Charitable activities	**513**	**2,440**	**–**	**2,953**	308	428	–	736
Other: Lottery distribution accounts	**17,425**	**–**	**–**	**17,425**	18,821	–	–	18,821
Total income and endowments	**382,360**	**868,571**	**78**	**1,251,009**	382,803	129,023	13	511,839
EXPENDITURE ON:								
Charitable activities (including Governance costs)	**373,696**	**868,414**	**–**	**1,242,110**	364,557	128,940	–	493,497
Other: Support costs attributable to Lottery distributions accounts	**17,425**	**–**	**–**	**17,425**	18,821	–	–	18,821
Total expenditure	**391,121**	**868,414**	**–**	**1,259,535**	383,378	128,940	–	512,318
Net gains/(losses) on investments	(10)	–	65	55	–	–	(70)	(70)
Total income/ (expenditure) before exceptional items	**(8,771)**	**157**	**143**	**(8,471)**	(575)	83	(57)	(549)
OTHER RECOGNISED GAINS/LOSSES								
Gain on revaluation of heritage assets	**2,643**	**5**	**–**	**2,648**	8,608	21	–	8,629
Actuarial gains/(losses) on defined benefit pension schemes	**1,393**	**–**	**–**	**1,393**	(1,948)	–	–	(1,948)
Net movement in funds	**(4,735)**	**162**	**143**	**(4,430)**	6,085	104	(57)	6,131
RECONCILIATION OF FUNDS:								
Balance brought forward at 1 April	**255,312**	**6,123**	**539**	**261,974**	249,227	6,019	597	255,843
Total funds carried forward at 31 March	**250,577**	**6,285**	**682**	**257,544**	255,313	6,123	539	261,974

32. BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2021 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2020 £000s
FIXED ASSETS:								
Tangible assets	**3,407**	**–**	**–**	**3,407**	2,967	–	–	2,967
Heritage assets – Works of art	**247,372**	**5,556**	**–**	**252,928**	244,473	5,471	–	249,944
Investments			**683**	**683**			539	539
Total fixed assets	**250,779**	**5,556**	**683**	**257,018**	247,440	5,471	539	253,450
CURRENT ASSETS								
Debtors	**–**	**288,051**	**–**	**288,051**	14,020	89,331	–	103,351
Due from Arts Council Lottery accounts	**–**	**1,488**	**–**	**1,488**	–	3,042	–	3,042
Grants paid in advance	**1,128**	**–**	**–**	**1,128**	5,555	–	–	5,555
Cash and cash equivalents	18,131	170,105	**–**	188,236	10,948	3,441	–	14,389
Total current assets	**19,259**	**459,644**	**–**	**478,903**	30,523	95,814	**–**	126,337
LIABILITIES								
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR								
Grants outstanding	**13,466**	**456,555**	**–**	**470,021**	11,836	94,271	–	106,107
Due to Arts Council Lottery accounts	**–**	**–**	**–**	**–**	–	–	–	–
Creditors	**4,425**	**2,361**	**–**	**6,786**	3,751	891	–	4,642
Total creditors: amounts falling due within one year	**17,891**	**458,916**	**–**	**476,807**	15,587	95,162	**–**	110,749
Net current assets	**1,368**	**728**	**–**	**2,096**	14,936	652	**–**	15,588
Total assets less current liabilities	**252,147**	**6,284**	**683**	**259,114**	262,376	6,123	539	269,038
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
Provisions for liabilities and charges	**1,066**	**–**	**–**	**1,066**	3,089	–	–	3,089
Net assets excluding pension liability	**251,081**	**6,284**	**683**	**258,048**	259,287	6,123	539	265,949
Defined benefit pension scheme liability	**504**	**–**	**–**	**504**	3,975	–	–	3,975
Net assets including pension liability	**250,577**	**6,284**	**683**	**257,544**	255,312	6,123	539	261,974
THE FUNDS OF THE CHARITY:								
REPRESENTED BY INCOME FUNDS								
Unrestricted fund	**301**	**–**	**–**	**301**	11,846	–	–	11,846
Restricted fund	**–**	**728**	**–**	**728**	–	652	–	652
REPRESENTED BY CAPITAL FUNDS								
Endowment funds	**–**	**–**	**683**	**683**	–	–	539	539
Designated fund	**247,373**	**–**	**–**	**247,373**	244,473	–	–	244,473
Donated asset reserve	**–**	**5,556**	**–**	**5,556**	–	5,471	–	5,471
Capital reserve	**3,407**	**–**	**–**	**3,407**	2,967	–	–	2,967
Pension reserve	**(504)**	**–**	**–**	**(504)**	(3,974)	–	–	(3,974)
Total charity funds	**250,577**	**6,284**	**683**	**257,544**	255,312	6,123	539	261,974

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

33. CULTURE RECOVERY FUND – REPAYABLE FINANCE

The Culture Recovery Fund (Repayable Finance) programme is part of the Government's £1.57 billion package to protect the UK's culture and heritage sectors from the economic impacts of Covid-19. It was intended to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but were subsequently at risk of no longer trading viably by 31 March 2021. The programme consists of DCMS loans totalling £250m to 36 organisations, which are repayable over a period of up to 20 years.

As the loans were made on behalf of DCMS they are not included in the accounts for Arts Council England. However the £2.3m income received by Arts Council England for administering the loans is included within Note 3.

09.

Lottery distribution accounts

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of Arts Council England's Lottery Distribution Accounts for the year ended 31 March 2021 under the National Lottery etc Act 1993. The financial statements comprise: Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as interpreted by HM Treasury's Government Reporting Manual.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's Lottery Distribution Accounts affairs as at 31 March 2021 and of the total comprehensive income for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for Arts Council England is adopted in consideration of the requirements set out in HM Treasury's

Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

The other information comprises information included in the Annual Report but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extend otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion, based on the work undertaken in the course of the audit:

— the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and

— the information given in the Chair's report; the Chief Executive's report; Achieving great art and culture; the parts of the Remuneration report that are not audited; the Sustainability report; the Trustees' report and management commentary; the Strategic report; and the National Lottery report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Chair's report; the Chief Executive's report; Achieving great art and culture; the parts of the Remuneration report that are not audited; the Sustainability report; the Trustees' report and management commentary; the Strategic report; and the National Lottery report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

— adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

— the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or

— I have not received all of the information and explanations I require for my audit; or

— the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

— the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

— internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free form material misstatement, whether due to fraud of error.

— assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Arts Council England will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

— Inquiring of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the National Lottery etc Act 1993 and Secretary of State directions issued thereunder, and Managing Public Money;
- assessing the incentives for management to manipulate reported income and expenditure to remain within voted Parliamentary control totals;
- reviewing the Arts Council England's accounting policies;
- using analytical procedures to identify any unusual or unexpected relationships and transactions;

— discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;

— obtaining an understanding of Arts Council England's framework of authority as well as other legal and regulatory frameworks that the Arts Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included the National Lottery etc Act 1993 and Secretary of State directions issued thereunder, tax law, employment law, and Managing Public Money;

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

REPORT

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

2 DECEMBER 2021

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET INCOME FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	31 MARCH 2021 £000	31 MARCH 2020 £000
INCOME			
Share of proceeds from the National Lottery Distribution Fund	2	**253,130**	247,871
Investment returns on the Distribution Fund	2	**148**	1,199
		253,278	249,070
Other income	3	**1,643**	52
Total income		**254,921**	249,122
EXPENDITURE			
Grant expenditure:			
Grant commitments made in the year		**168,296**	187,478
Less: lapsed and revoked commitments		**(9,408)**	(10,162)
Net grant commitments	10	158,888	177,316
Other expenditure:			
Other operating costs		**–**	184
Invoiced Arts expenditure		**1,192**	586
Costs apportioned from Grant-in-Aid accounts	6	**17,425**	18,821
Total expenditure		**177,505**	196,907
Net income		**77,416**	52,215
Interest receivable		**–**	18
Net income after interest		**77,416**	52,233
Total comprehensive income for the year ended 31 March		**77,416**	52,233

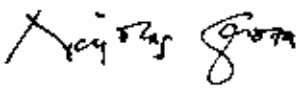
ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.
THE NOTES ON PAGES 147 TO 166 FORM PART OF THESE ACCOUNTS.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	NOTE	31 MARCH 2021 £000s	31 MARCH 2020 £000s
CURRENT ASSETS			
Trade and other receivables	9	**40**	18
Investments: balance in the National Lottery Distribution Fund	2	**210,563**	256,637
Cash and cash equivalents	14	**870**	6,677
Total current assets		**211,473**	263,332
CURRENT LIABILITIES			
Grant liabilities due within one year	10	**190,183**	207,335
Trade and other payables	11	**672**	122
Due to Grant-in-Aid accounts	19e	**1,488**	3,042
Total current liabilities		**192,343**	210,499
Net current assets		**19,130**	52,833
NON-CURRENT LIABILITIES			
Grant liabilities due in more than one year	10	**26,302**	137,421
Net Liabilities		**(7,172)**	(84,588)
EQUITY			
General reserve		**(9,289)**	(86,705)
Fair value reserve		**2,117**	2,117
		(7,172)	(84,588)

THE NOTES ON PAGES 147 TO 166 FORM PART OF THESE ACCOUNTS.

Dr Darren Henley OBE
Chief Executive
30 NOVEMBER 2021



Sir Nicholas Serota CH
Chair
30 NOVEMBER 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	2020/21 £000s	2019/20 £000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Funds received from the National Lottery Distribution Fund	2	**299,352**	275,063
Other cash receipts		**1,622**	87
Grants paid	10	**(287,159)**	(254,921)
Cash paid to Grant-in-Aid accounts		**(18,979)**	(17,375)
Other cash payments		**(643)**	(830)
Net cash inflow/(outflow) from operating activities	12	(5,807)	2,024
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**–**	18
Net cash inflow from investing activities		**–**	18
Net increase/(decrease) in cash and cash equivalents	13/14	**(5,807)**	2,042
Cash and cash equivalents at beginning of period		**6,677**	4,635
Cash and cash equivalents at end of period		**870**	6,677

THE NOTES ON PAGES 147 TO 166 FORM PART OF THESE ACCOUNTS.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	GENERAL RESERVE 2020/21 £000s	FAIR VALUE RESERVE 2020/21 £000s	TOTAL RESERVES 2020/21 £000s	TOTAL RESERVES 2019/20 £000s
Closing reserve position 31 March	**(86,705)**	**2,117**	**(84,588)**	(136,821)
Transferred (to)/from the statement of comprehensive net expenditure	**77,416**	**–**	**77,416**	52,233
Closing reserve position 31 March	**(9,289)**	**2,117**	**(7,172)**	(84,588)

THE NOTES ON PAGES 147 TO 166 FORM PART OF THESE ACCOUNTS.

NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

1. ACCOUNTING POLICIES

1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Digital, Culture, Media and Sport with the consent of HM Treasury and the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts are prepared on a going concern basis. Last year the Statement of Financial Position showed a deficit of £85 million. This year the position has moved to a deficit of £7 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments are shown in the accounts in the year when the commitment is made. In 2017/18 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2017/18 of £464 million, for activity and payments which will take place over the period 2018-22. The deficit from last year has reduced by £78 million and will decrease further over the next two years as we make further payments against the grants that were committed in 2017/18. The grant commitments have been entered into after consideration of the cash requirements of grant recipients and after taking account of income projections provided by the Gambling Commission.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year.

1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Digital, Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with FRS102, with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with FRS102.

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. It should be noted that Grant-in-Aid accounts are prepared under the FRS102 and the Charity SORP, and as such are not impacted by IFRS. There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

1i. STATEMENT OF FINANCIAL POSITION

The statement of financial position reports the revaluation reserve on the National Lottery Distribution Fund balance as a fair value reserve.

1j. ADOPTION OF INTERNATIONAL REPORTING STANDARDS

Arts Council England has been required to present the Lottery distribution accounts under International Financial Reporting Standards (IFRS) since 2009/10.

2. NATIONAL LOTTERY DISTRIBUTION FUND

	2020/2021 £000s	2019/2020 £000s
Balance at 1 April	**256,637**	282,630
Share of proceeds from the National Lottery Distribution Fund	**253,130**	247,871
Investment returns on the Distribution Fund	**148**	1,199
Receipt of funds from winding up of Olympic Lottery Distribution Fund	**–**	–
Cash drawn down	**(299,352)**	(275,063)
Balance at 31 March	**210,563**	256,637

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2021 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2020/2021 £000s	2019/2020 £000s
Other central Government bodies	**75**	8
Public Corporations	**–**	–
Sundry	**1,568**	44
	1,643	52

Grants, sponsorship and donations are analysed as follows:

	2020/2021 £000s	2019/2020 £000s
OTHER CENTRAL GOVERNMENT BODIES		
Historic England	**50**	–
Natural England	**25**	–
Heritage Lottery Fund	**–**	8
PUBLIC CORPORATIONS		
British Council	**–**	–
OTHER GRANTS, SPONSORSHIP AND DONATIONS		
Other grants, sponsorship and donations	**1,568**	44
	1,643	52

4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. PENSIONS

Arts Council England are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2020/2021 £000s	2019/2020 £000s
Staff costs	**13,188**	13,710
Indirect staff costs	**(74)**	302
Premises	**1,047**	1,275
Supplies & Services	**1,948**	1,568
Travel & Subsistence	**20**	800
Professional Fees	**813**	719
Central Costs	**130**	134
Other Recharges – contribution to depreciation	**353**	313
	17,425	18,821
Corporate governance costs included above	**781**	1433

7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2020/2021 £000s	2019/2020 £000s
Stated after charging:		
(a) Auditors' remuneration	**63**	61
(b) Staff travel, subsistence and hospitality	**20**	800

The fee for the statutory audit in 2020/21 is £62,500 (2019/20: £60,825) There were no fees payable to the auditors for non-audit services.

8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. RECEIVABLES

	31 MARCH 2021 £000s	31 MARCH 2020 £000s
Prepayments and accrued income	**–**	–
Other receivables	**40**	18
Provision for doubtful debts	**–**	–
	40	18

10. GRANT COMMITMENTS

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2021 £000s	31 MARCH 2020 £000s
Grant liabilities brought forward	**344,756**	422,361
Grant commitments made	**168,296**	187,478
Less: lapsed and revoked commitments	**(9,408)**	(10,162)
Grant liabilities paid	**(287,159)**	(254,921)
Balance of grant liabilities outstanding carried forward	**216,485**	344,756

AGEING OF GRANT LIABILITIES:	31 MARCH 2021 £000s	31 MARCH 2020 £000s
2020/21	**N/A**	207,335
2021/22	**190,183**	119,069
2022/23	**19,415**	13,726
2023/24	**6,718**	4,626
2024/25	**119**	–
2025/26	**50**	–
	216,485	344,756

11. CURRENT LIABILITIES

	31 MARCH 2021 £000s	31 MARCH 2020 £000s
Trade payables	**639**	109
Other payables	**33**	13
	672	122

12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2020/2021 £000s	2019/2020 £000s
Operating surplus	**77,416**	52,233
Interest receivable	**–**	(18)
Decrease in receivables and prepayments	**46,052**	26,028
Decrease in payables	**(129,275)**	(76,219)
Net cash inflow/(outflow)	**(5,807)**	(2,024)

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2020/2021 £000s	2019/2020 £000s
Increase/(decrease) in cash and cash equivalents in the year	**(5,807)**	2,042
Funds at 1 April	**6,677**	4,635
Funds at 31 March	**870**	6,677

14. CASH AND CASH EQUIVALENTS

	1 APRIL 2020 £000s	CASH FLOW £000s	31 MARCH 2021 £000s
Cash and cash equivalents	6,677	(5,807)	**870**
	6,677	(5,807)	**870**

15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2021 (31 March 2020: £nil).

16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2021 (31 March 2020: £nil).

17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of NFYM as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2020/2021 £000s	2019/2020 £000s
Grant commitments in the year	–	–
NFYM payables balance as at 31 March	**9,651**	19,302
THIS RECONCILES TO NFYM'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**3,857**	1,492
INCOMING FUNDS:		
Arts Council England grant	**9,651**	9,651
Other funds	**3,527**	3,669
OUTGOING FUNDS:		
Grant expenditure	**(11,082)**	(9,392)
0ther expenditure	**(1,659)**	(1,563)
Balance at 31 March	**4,294**	3,857
Arts Council England receivables balance as at 31 March	**9,651**	19,302

The 2020/21 figures were unaudited at the date of signing these accounts. The 2019/20 figures have been adjusted to reflect the audited accounts.

18c. PERFORMING RIGHTS SOCIETY FOR MUSIC FOUNDATION

The Performing Rights Society for Music Foundation (PRSMF) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of the PRSMF as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2020/2021 £000s	2019/2020 £000s
Grant commitments in the year – Grant-in-Aid	–	–
Grant commitments in the year – Lottery	–	–
Performing Rights Society for Music Foundation payables balance as at 31 March – Grant-in-Aid	–	–
Performing Rights Society for Music Foundation payables balance as at 31 March – Lottery	–	–

This reconciles to the PRSMF accounts for the year ended 31 March as follows:

	GRANT-IN-AID 2020/21 £000s	LOTTERY 2020/21 £000s	GRANT-IN-AID 2019/20 £000s	LOTTERY 2019/20 £000s
Balance at 1 April	–	–	–	120
INCOMING FUNDS:				
Arts Council England grant	–	–	–	(120)
Other funds	–	–	–	–
OUTGOING FUNDS:				
Grant expenditure	–	–	–	–
Other expenditure	–	–	–	–
Balance at 31 March	–	–	–	–
Arts Council England receivables balance as at 31 March	–	–	–	120

The 2020/21 figures were unaudited at the date of signing these accounts. The 2019/20 figures have been adjusted to reflect the audited accounts.

18d. VICTORIA & ALBERT MUSEUM (V&A)

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of V&A as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2020/2021 £000s	2019/2020 £000s
Grant commitments in the year	**–**	–
V&A payables balance as at 31 March	**938**	1,500
THIS RECONCILES TO V&A'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	**–**	207
INCOMING FUNDS:		
Arts Council England grant	**608**	537
OUTGOING FUNDS:		
Grant expenditure	**(592)**	(728)
Other expenditure	**(16)**	(16)
Balance at 31 March	**–**	–
Arts Council England receivables balance as at 31 March	**938**	1,500

The 2020/21 figures were unaudited at the date of signing these accounts; the 2019/20 figures were adjusted to reflect audited accounts.

19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2020, the fund balance was £257 million. This had decreased to £211 million by 31 March 2021, at which point there were £216 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Digital, Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. LIQUIDITY RISK

In 2020/21, 99.36 per cent of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(7,172)

We do not believe that we are exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £190 million over the next financial year.

LIQUID ASSETS AS AT 31MARCH 2021:	£000s
Market value of National Lottery Distribution Fund investments	210,563
Cash and cash equivalents	870

19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £210,562,760.

In the year, the average return on these investments was 0.07 per cent (2019/20: 0.72 per cent).

	FUND BALANCE £000s	INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2020/21	210,563	148	0.07%	0.06%
2019/20	256,637	1,199	0.72%	0.48%
2018/19	282,630	1,144	0.67%	0.51%
2017/18	298,105	660	0.35%	0.29%
2016/17	314,514	741	0.34%	0.32%
2015/16	334,285	1,095	0.50%	0.41%
2014/15	325,697	1,101	0.50%	0.40%
2013/14	286,613	1,083	0.50%	0.47%
2012/13	282,192	1,445	0.78%	0.53%
2011/12	194,490	1,515	2.26%	0.71%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £869,788.

19c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

19d. FINANCIAL ASSETS BY CATEGORY

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2020/2021 £000s	2019/2020 £000s
RECEIVABLES DUE WITHIN ONE YEAR		
Accrued income	**–**	–
Other receivables	**40**	18
	40	18
INVESTMENTS		
National Lottery Distribution Fund	**210,563**	256,637
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**870**	6,677
Total financial assets	**211,473**	263,332

19e. FINANCIAL LIABILITIES BY CATEGORY

	2020/2021 £000s	2019/2020 £000s
Trade payables	**639**	109
Other payables	**33**	13
Due to Arts Council Grant-in-Aid accounts	**1,488**	3,042
Grant payables falling due within one year	**190,183**	207,335
Grant payables falling due over one year	**26,302**	137,421
Total financial liabilities	**218,645**	347,920

Included within the financial liabilities are amounts such as grants outstanding and deferred income. While these liabilities are not contractual, they have been disclosed above in the interests of completeness.

20. RELATED PARTIES

20a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	83	–	Cornubian Arts and Science Trust (CAST)	Partner is a Chair of the Trust
	–	450	Kneehigh Theatre Trust	Partner is an Advisory Committee Member
	17	–	Ligeti Quartet	Niece is manager
	–	8	Tate Gallery	Curatorial Advisor role – remunerated
Andrew Miller MBE	–	107	Royal Shakespeare Company	Other/Governor
	2,000	2,100	TheSpace C.I.C.	Board Member
	–	2,051	Coventry City of Culture Trust	Advisor/consultant
	–	3	Independent Cinema Office	Advisor/consultant
	663	68	Northampton Theatres Trust	Executive Associate
	–	6,123	Welsh National Opera	Trustee
Catherine Mallyon	–	107	Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	–	450	Arts and Humanities Research Council	Board Member
	–	2,181	City of Birmingham Symphony Orchestra	Partner is a Board Member
	35	6	Orchestra of the Swan	Advisory Council Member
	900	–	Shakespeare Birthplace Trust	Advisory Council Member
	–	450	Watermill Theatre	Board Member (not remunerated)
Ciara Eastell OBE	16	5	Double Elephant CIC	Partner is a Director
	–	8	Tate Gallery	Advisor/consultant (remunerated)
David Joseph	208	–	Julie's Bicycle	Director/Trustee

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch	–	700	Arnolfini Gallery	Freelands Foundation, of whom Elisabeth is founder and Chair, funded this Organisation
	–	41	Bath Spa University Research and Enterprise Office	Freelands Foundation Organisation
	17	–	Create London	Freelands Foundation Organisation
	250	210	Firstsite Ltd	Freelands Foundation Organisation
	150	–	South London Gallery	Freelands Foundation Organisation
	25	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	15	1	University of Brighton (Brighton CCA)	Freelands Foundation Organisation
	350	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
	–	1	Manchester Metropolitan University	Freelands Foundation Organisation
	91	–	a-n The Artists Information Company	Freelands Foundation Organisation
	–	15	Nottingham Contemporary	Freelands Foundation Organisation
	–	1,275	Nesta Arts & Culture	Freelands Foundation Organisation
	–	75	Site Gallery	Freelands Foundation Organisation
	–	280	Spike Island Art Space Ltd	Freelands Foundation Organisation
	40	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	–	68	The New Art Exchange Ltd	Freelands Foundation Organisation
	–	65	The Whitworth, University of Manchester	Freelands Foundation Organisation
	–	320	The Public Catalogue Foundation	Freelands Foundation Organisation
	–	484	Towner Art Gallery	Freelands Foundation Organisation
	–	64	Turner Contemporary	Freelands Foundation Organisation
	–	8	Tate Gallery	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Michael Eakin	–	71	Royal Liverpool Philharmonic	Ongoing, employed as Director, remunerated
Paul Roberts OBE	–	1,506	A New Direction London Limited	Advisor/consultant. Not remunerated
	–	15	Nottingham Contemporary	Ongoing Board Member. Not remunerated
	–	14	Durham University	Commissioner. Not remunerated
		71	Nottingham Music Service	Former Chair of the Board. Not remunerated
Professor Roni Brown	–	64	Turner Contemporary	Affiliated through employer. Turner Contemporary and UCA have a financial agreement for services
	–	1,519	Artswork	Board Member
	–	846	Farnham Maltings Association	Partner is Director
	–	100	Institute of International Visual Arts	Hosted at University of the Arts London which is funded by ACE
Ruth MacKenzie	–	8	Tate Gallery	Member
Sukhy Johal MBE	–	208	The University of Lincoln	Employee
	–	98	Threshold Studios	Partner is a Project Director

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2020 £000s	BALANCE UNPAID AS AT 31 MARCH 2020 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	8	908	Kneehigh Theatre Trust	Partner is a trustee
Andrew Miller MBE	–	1,230	TheSpace C.I.C.	Board Member
	113	12,359	Welsh National Opera	Trustee
Catherine Mallyon	40	4,402	City of Birmingham Symphony Orchestra	Partner is a Board Member
	57	66	Orchestra of the Swan	Advisory Council Member
	–	1,113	Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	8	909	Watermill Theatre	Partner is a Board Member
	500	500	Arts and Humanities Research Council	Board Member
Ciara Eastell OBE	–	8	Tate Gallery	Remunerated consultant
Elisabeth Murdoch	–	330	Firstsite Ltd	Freelands Foundation Organisation
	–	130	MK Gallery	Freelands Foundation Organisation
	–	15	Nottingham Contemporary	Freelands Foundation Organisation
	–	75	Site Gallery	Freelands Foundation Organisation
	5	580	Spike Island Art Space Ltd	Freelands Foundation Organisation
	–	720	The Public Catalogue Foundation	Freelands Foundation Organisation
Michael Eakin	221	221	Royal Liverpool Philharmonic	Ongoing, employed as Director, remunerated
Professor Roni Brown	–	15	Contemporary Dance Trust	The Place is an NPO and there is a proposal for partnership between UAL and The Place
	16	1,708	Farnham Maltings Association	Partner is Director
Sukhy Johal MBE	195	98	Threshold Studios	Partner is an employee and Project Director
Paul Roberts OBE	–	15	Nottingham Contemporary	Board Member
	131	48	Durham University	Commissioner

20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2021 £000s	BALANCE UNPAID AS AT 31 MARCH 2021 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley	–	5	Cultural Institute, University of Leeds	Unpaid Member of the Advisory Group
Kate Bellamy	–	938	The Victoria and Albert Museum	Former employee
Mags Patten	–	550	The Clore Leadership Programme	Part of steering group
Peter Knott	250	250	One Dance UK	Partner is paid Chair of Young Peoples' Panel
Phillip Gibby	–	1	RISE Youth Dance	Partner is Advisor/ Consultant
	35	–	Trigger	Partner is Advisor/ Consultant
Simon Mellor	–	41	Bath Spa University Research and Enterprise Office	Partner is employee
	–	15	Manchester City Council	Part-time Project Director of The Factory
Tonya Nelson	–	7	The National Gallery	Board Member

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANT FOR THE YEAR ENDED 31 MARCH 2020 £000s	BALANCE UNPAID AS AT 31 MARCH 2020 £000s	ORGANISATION	RELATIONSHIP TYPE
Kate Bellamy	40	20	Pitzhanger Manor House & Gallery	Board Member

The declared interests of National Council members and Executive Board are available at the following link:

www.artscouncil.org.uk/national-council/national-council-register-interests

20c. OTHER GOVERNMENT BODIES

The Department for Digital, Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2021 £000s	**RECEIVABLES 31 MARCH 2021 £000s**	PAYABLES 31 MARCH 2020 £000s	RECEIVABLES 31 MARCH 2020 £000s
Balances with other DCMS Government bodies	**5,971**	**–**	1,675	–
Balances with other central Government bodies	**–**	**–**	–	–
Balances with academies	**2,057**	**–**	34	–
Balances with local authorities	**13,609**	**–**	21,194	–
Balances with NHS Trusts	**1,498**	**–**	1,976	–
Balances with public corporations and trading funds	**1,309**	**25**	3,040	–

	EXPENDITURE Y/E 31 MARCH 2021 £000s	**INCOME Y/E 31 MARCH 2021 £000s**	**EXPENDITURE Y/E 31 MARCH 2020 £000s**	**INCOME Y/E 31 MARCH 2020 £000s**
Transactions with other DCMS Government bodies	**4,873**	**50**	123	8
Transactions with other central Government bodies	**–**	**–**	–	–
Transactions with academies	**2,219**	**–**	101	–
Transactions with local authorities	**2,537**	**–**	5,508	–
Transactions with NHS Trusts	**0**	**–**	2,015	–
Transactions with public corporations and trading funds	**68**	**–**	3,142	–

21. EXCEPTIONAL ITEMS

There were no exceptional costs during 2020/21 or 2019/20.

22. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2016/17 to 2036/37. DCMS estimates that the first payments to the Lottery distributors will come through around the mid-2020s.

Arts Council England did not have any contingent liabilities as at 31 March 2021.

23. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

24. LOSSES AND SPECIAL PAYMENTS

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensations payments or ex-gratia payments. The number and value of losses during 2020/21 were as follows:

	2020/2021 £000s	2019/2020 £000s
Total value of losses	–	184
Total number of losses	–	3

THERE WERE NO LOSSES OR SPECIAL PAYMENTS DURING 2020/21.

ANXIETY
STCARDS
ENJOYING SLOWING DOWN
I NEED A HAIRCUT
PE WITH JOE
LEARNING TO KNIT
STAY SAFE
STAY HOME
CAUTION
YOGA
JAM
CORDIAL
RECIPE BOOK
LE POTAGER

10.

National Lottery report

CINEMA ODEON

As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.

POLICY DIRECTIONS

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

a) The need to involve the public and local communities in making policies, setting priorities and distributing money

Our 10-year Strategy for the arts, libraries and museums, *Let's Create*, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

b) Its assessment of the needs of the arts and culture and its priorities for addressing them

Let's Create sets out our commitment to our mission and our three outcomes for creative people, creative places and a creative country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our Delivery Plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England:

Evidence demonstrates that some communities are engaging very little with the arts and culture. This may be through lack of opportunities to attend and participate or because of barriers like socio-economic factors, physical accessibility, or a limited offer. We believe that everyone has the right to access the arts and culture and we want to transform the opportunities open to people in these places.

Our vision for Creative People and Places is to support the public in shaping local arts and culture provision and, in doing so, to increase attendance and participation in excellent art and culture, and existing Creative People and Places consortia are working to a 10-year vision to achieve this. This new funding will allow a selection of the places currently in receipt of Creative People and Places funding to build on achievements made possible through the current fund.

East Durham Creates is a Creative People and Places project managed by East Durham Community Development Trust Ltd. The project has been awarded £500,000 for a third phase. East Durham Creates is committed to the ongoing arts and cultural engagement of people within the East Durham area. It is an example of a community/voluntary sector agency – in this case a poverty charity – stepping up and leading cultural development in an area of historically low arts and cultural engagement. The project will aim to engage a minimum of 40,000 people over the next three years and

create a sustainable legacy for long-term arts and culture provision in the area.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

Despite 25 years of success, World Book Day acknowledges that there is more to do to reach more children from diverse backgrounds. They were awarded £94,360 for an ambitious programme of work to grow reading for pleasure for children and young people.

This project will improve their ability to reach more children, focusing on older children and young people, changing lives through a love of books, shared reading and improving life chances as a result.

Another strand of the project is to encourage and inspire an involvement in the arts among children living in disadvantaged communities. Working with libraries to understand how to encourage reading in four areas: Doncaster, Middlesbrough, Nottingham and Blackpool. Bespoke approaches in each area will help World Book Day learn the needs of families and what would encourage reading engagement.

The ultimate goal of the programme is that children and young people will experience literature in a new way, having a more authentic and affirming experience as readers, as the programme develops to reflect a wider range of people from all backgrounds.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

Arts Council National Lottery Project Grants supports a huge range of projects that bring people together to explore creativity as communities. One such project was Positive Place Makers' Once Upon A Town.

This project, awarded £15,000, was designed to inspire a community to creatively engage and actively participate in telling the story of their town, developing a shared narrative and cultural vision for the future. In partnership with Historic England and the newly formed town cultural consortia, consisting of West Lancashire Borough Council, Edge Hill University, The Chapel, Positive Place Makers CIC and heritage organisations such as Ormskirk and District Family Historical Society, this project is focused on engaging a community, bringing together individuals of all ages to discuss, find out about the town's rich heritage and create a collective narrative and shared cultural vision/programme for the future.

The overarching aim is to provide a variety of ways to bring the community together through active engagement facilitated by professional artists. An exhibition and virtual gallery/museum will provide opportunities for people to actively engage and share their lives, creating shared stories of the heritage of Ormskirk and the way in which people have lived and are living with the pandemic.

f) The need to support volunteering and participation in the arts and community arts

Participation and volunteering opportunities play a vital role in our sector. Many of the activities we support through National Lottery Project Grants provide a wealth of opportunities for people to take active roles in their communities.

Oxfordshire Chinese Community & Advice Centre (OCCAC) were awarded £15,000 to run creative community arts groups for socially isolated, non-English speaking and vulnerable members of the Chinese community, who are unable to participate in mainstream English-language arts groups.

OCCAC started offering online arts activities from August 2020 due to Covid-19. This approach proved to be very effective in connecting the community during the early months of the pandemic and removing barriers to participation, so they applied for funding to continue working in this way.

The project consists of creative community arts groups, including painting, Chinese calligraphy and music-making workshops led

by professional and voluntary singers. As well as providing volunteering opportunities, the project provides vital participation activities for a community that is otherwise separated by the pandemic, connecting participants through art and music to celebrate Chinese identity and heritage.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

The Developing Your Creative Practice (DYCP) programme was relaunched in October 2020 to support individuals who are cultural and creative practitioners and want to take time to focus on their creative development. We have committed £18 million to support individuals at this crucial time to help them innovate and develop new skills to take their practice to the next level.

In the most recent round of DYCP, we supported 824 individuals and freelancers to reshape and redefine their work during the pandemic. We supported as many exciting and ambitious proposals as we could, investing over £7 million.

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

During the period under review, a number of organisations completed construction projects despite the pandemic and are planning for operation in line with government guidelines.

The Royal Shakespeare Company's Costume Workshop was completed in November 2020. It has been designed in line with BREEAM 2014, New Construction, which is used to assess the environmental life cycle impacts of new non-domestic buildings at the design and construction stages.

The building incorporates several features to reduce its environmental impact, such as solar shading and high-performance building fabric with airtight construction techniques. It will also use renewable technology, with photovoltaic panels to decrease the amount of electricity used in the building, particularly during the summer months. The new development should reduce carbon dioxide emissions by 26.2 per cent.

Arts Council England invested £4.2 million Lottery capital funding in The Box, Plymouth's new £46 million cultural destination which opened in September 2020 and the flagship project of the country's Mayflower 400 commemorations.

The design of The Box has placed particular emphasis on sustainability including the following key environmental measures:

- passive solar design to maximise natural daylight while minimising solar gain and providing a balanced, glare-free luminance
- use of thermal mass, night time cooling and passive ventilation to control humidity and temperature
- acoustics to provide good listening conditions
- naturally ventilated spaces where possible and, where not, consideration has been given to hybrid systems
- appropriately zoned and controlled heating systems utilising the local district heating provision
- efficient lighting and automatic controls, reducing energy consumption while maintaining required luminance
- an efficient building envelope including high levels of insulation and low air permeability
- energy and water efficiency that is easy to monitor through the building management system

During operation, The Box will maximise the use of recycled materials. An ethical refuse strategy has been implemented post-

construction in line with relevant policies, for example PCC's zero-to-landfill agenda.

A travel plan has been written to minimise single occupancy car journeys of staff and volunteers, and a new working from home policy has been adopted to create a better life/work balance for staff and to reduce unnecessary travel.

Biodiversity is celebrated in the public realm by planting locally derived flora to encourage local fauna.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

Over the past year we have continued to support ambitious projects as organisations and creative practitioners have risen to the challenges posed by the pandemic and embraced new platforms to ensure that people across England can continue to access high-quality cultural experiences.

SFP Shows Limited were awarded £1.3 million for the ambitious project HERE AND NOW, a bold, nationally significant season of new plays curated for challenging times. Under the vision of producer Sonia Friedman and artistic director Ian Rickson, HERE AND NOW is a five-month season of new plays, directly curated for our times and specifically designed for safe, socially-distanced live performance and digital/TV broadcast. The work will be free-to-air on the BBC, extending reach and equality of opportunity. The nature of the plays and less formal audience-performance dynamics will remove barriers to access.

As well as continuing to support wide-reaching arts projects, in response to the Covid-19 crisis, we made £160 million of Lottery funding available for organisations and individuals who needed immediate support. The emergency funds package consisted of:

— £90 million made available for National Portfolio Organisations and Creative People and Places lead organisations

— £50 million made available for organisations outside of the Arts Council's National Portfolio

— £20 million made available to creative practitioners and cultural workers

These funds were designed to reduce the immediate financial consequences of the Covid-19 crisis, to help individuals and organisations to get back on their feet so that they can continue making work in the future that will mean they can contribute to delivering our new Strategy, *Let's Create*.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

The Bristol Visual Arts Review set out to achieve a sustainable, long-term step change for visual arts in Bristol. One of the primary recommendations of the review was to invest in a significant programme of exhibitions, projects and events in the spaces at the Arnolfini and Bush House, supporting curatorial skills.

This was a transitional and potentially transformative moment for the visual arts in Bristol and presented an opportunity for Arts Council England to invest in an internationally significant visual arts programme for the city and the West of England.

The Arnolfini Gallery has been awarded £1.8 million to deliver a range of outcomes supporting curatorial excellence in the city and beyond.

l) The desirability of working jointly with other organisations, including other distributors

We recognise that working in partnership with other organisations helps us to achieve our shared aims, as well as increasing the impact of our Lottery funded activity.

We have continued to work closely with the Music Venues Trust to offer an additional £1.5 million to support grassroots music venues. This funding is available to those whose main function is to host and/or promote live music

events, particularly for new and developing talent in small- and mid-scale venues.

To date, in 2020/21 we've supported 58 projects, including awarding £38,848 to The Leadmill in Sheffield to create a diverse and sustainable future through researching, developing and diversifying programming to serve as many communities in Sheffield as possible.

Thriving Communities Fund

The Thriving Communities Fund was designed to increase social connectedness, and help communities cope with the impact of Covid-19. It was made possible by joint working with the National Academy for Social Prescribing (providing £1.15 million) and the Arts Council (providing £250,000). The initiative also includes NHS England, Sport England, Natural England, the Office for Civil Society, the Money & Pensions Service and NHS Charities Together as strategic partners.

By working with those communities most impacted by the Covid-19 pandemic, including Black, Asian and Ethnically Diverse communities, the projects we will support through the Thriving Communities Fund will help to enhance collaboration and networking between local organisations, strengthen the range of social prescribing activities offered locally, and enable social prescribing link workers to connect people to more creative community activities and services, as well as exploring ways to make these partnerships and activities sustainable over time

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. Arts Council National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. 2020/21 saw a total of 2,411 awards made with a total value of £46,458,515.

2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

   Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

   In 2020/21, 831 awards were made with a total value of £25,749,440.

   No touring was supported during the year due to the pandemic.

FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

> The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2020/21. A copy of the Statement of Financial Requirements is publicly available.

LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 8 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2020/21 were approximately £1.76 million less than the target and approximately £0.53 million less than last year.

1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2016/17 £M ACTUAL	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2020/21 £M TARGET
ACTUAL ADMINISTRATION COSTS*	17.85	16.26	16.35	17.63	17.10	18.86

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2016/17 £M ACTUAL	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2020/21 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	15.02	15.61	15.37	16.34	17.41	19.20

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS
** FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 ACTUAL	2019/20 ACTUAL	2020/21 ACTUAL
ACTUAL ADMINISTRATION COSTS AS % OF LOTTERY INCOME*	7.82%	7.07%	7.00%	7.08%	6.75%

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS. 2019/20 PERCENTAGE CALCULATED AS AN AVERAGE OF THREE YEARS' INCOME

GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £15,000:	6 weeks
Applications for funding for £15,001 and above:	12 weeks

Since 2009/10 we have adopted a target of processing 90 per cent of all applications within our stated turnaround times. The thresholds were increased on 1 July 2013 from £10,000 to £15,000.

YEAR		A	B	C
2016/17	Actual	99.83%	99.13%	99.73%
2017/18	Actual	95.50%	97.07%	95.74%
2018/19	Actual	96.44%	96.19%	96.40%
2019/20	Actual	99.32%	97.42%	98.94%
2020/21	**Actual**	**94.95%**	**95.50%**	**95.06%**
2020/21	**TARGET**	**90%**	**90%**	**90%**

A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

> Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.

We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

Image credits
In order of appearance

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HANDS DOWN BY COMPANY CHAMELEON – PHOTO © JOEL CHESTER FILDES

CREATIVE BLACK COUNTRYS CREATIVE CONNECTIONS. CORRIDOR OF COLOUR BY LUKE PERRY

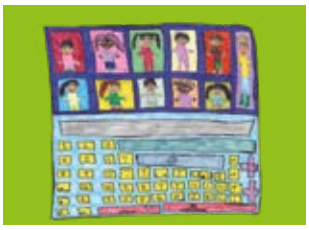
CREATE STUDIOS. PHOTO BY TOM ARTHUR

OF EARTH AND SKY BY LUKE JERRAM, COMMISSIONED BY GLOUCESTER CULTURE TRUST 2020. PHOTO BY FLUXX FILMS

ONSONG. CHARLIE MILLER. IMAGE COURTESY ONSONG MUSIC LTD

CHILLING
DANIELLE
THE WAY I SEE IT

FLOWERS IN LOCKDOWN.
DANIELLE GREEN
THE WAY I SEE IT



ZOOMING
DANIELLE
THE WAY I SEE IT

TOM SAMIR'S UNCLE
SAMIR
THE WAY I SEE IT

THE HEPWORTH WAKEFIELD
© NICK SINGLETON

LOVES LIVE ON THE LAWN
AUGUST 2020 PHOTO ©
PAUL BLAKEMORE

RUN FREE

FLOWERS I HAVE SEEN IN
LOCKDOWN
ELLA
THE WAY I SEE IT

THE FAMILY
DANIELLE
THE WAY I SEE IT

SPACE2 CARINE BROSSE HOME
SWEET HOME PHOTO © SPACE2
(DETAIL)

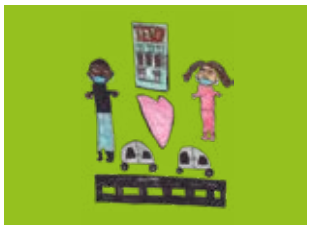
ROYAL EXCHANGE – LIGHT
FALLS – MANUEL HARLAN

OR ELSE WE ARE LOST – MAX
MASLEN; A SHORT FILM BY KIT
HOLDER, DAN LOWENSTEIN AND
TOM ROGERS – BIRMINGHAM
ROYAL BALLET

JOHANNA SAMIR'S AUNT FOR
AFRICA
SAMIR
THE WAY I SEE IT

ZOIELOGIC DANCE THEATRE,
THE GRID EXPERIENCE.
IMAGE COURTESY ZOIELOGIC
DANCE THEATRE

ST THOMAS STORY TOURS,
THEATRE ALIBI. PERFORMER
SARAH FINIGAN WITH ST THOMAS
STORY TOUR PARTICIPANTS.
PHOTO BY STEVE TANNER



K-DOG SHE MISS ME
DANIELLE
THE WAY I SEE IT

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COPY NORTH – DISCOVERY MUSEUM – COLOURFUL COLLECTION – PHOTO © DISCOVERY MUSEUM

I WANT TO GO TO THE CINEMA
DANIELLE
THE WAY I SEE IT

OF EARTH AND SKY BY LUKE JERRAM, COMMISSIONED BY GLOUCESTER CULTURE TRUST 2020. PHOTO BY FLUXX FILMS

SELF PORTRAIT SILVER HAIR
JARED
THE WAY I SEE IT

NORTH – SAGE – ROYAL NORTHERN SINFONIA.
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SPACE2 CARINE BROSSE HOME SWEET HOME PHOTO © SPACE2

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Please send these comments to our Enquiries Team at:

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