

Arts Council England,
Grant-in-Aid and National Lottery
Distribution 2021/22



Annual Report & Accounts

For the year ended 31 March 2022



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

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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.

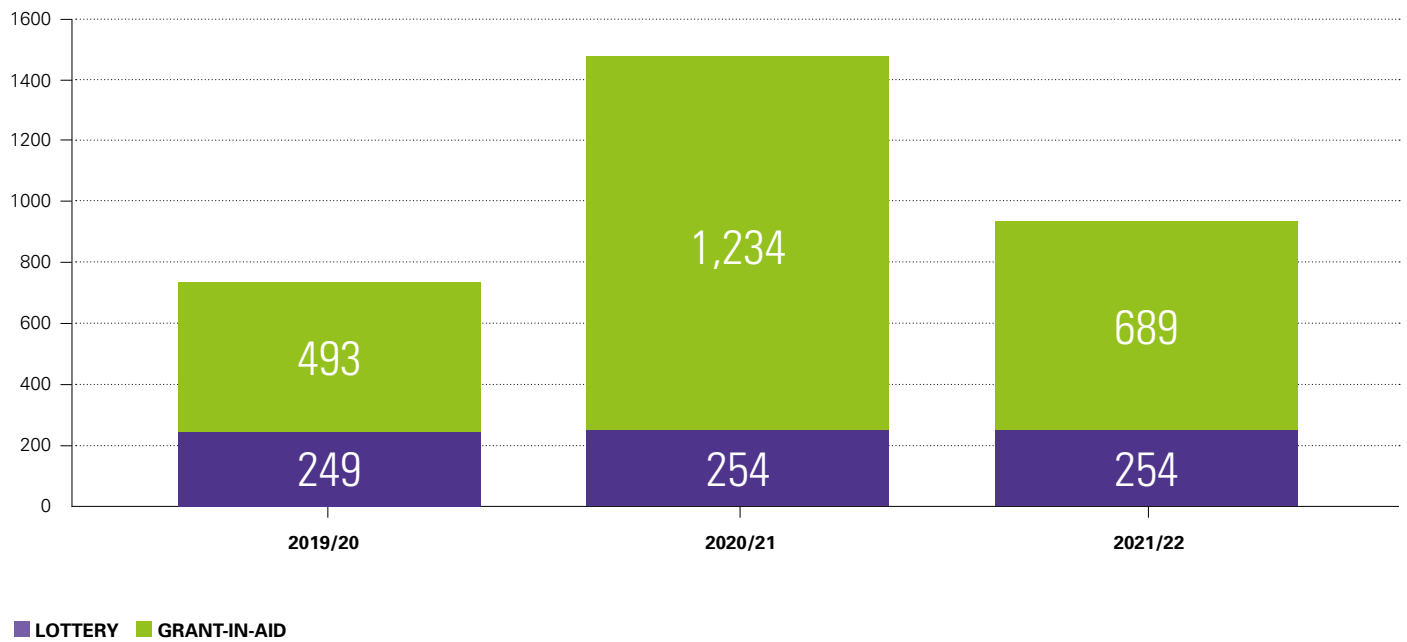
The year ahead will be a busy and challenging one. There is a big task ahead of us. But I know that the creative and cultural sector will continue to play a vital role in helping our country's recovery in every way. And in doing so will help build a future where opportunity is open to all those with talent wherever they are from and whatever their background.

Dr Darren Henley, CBE

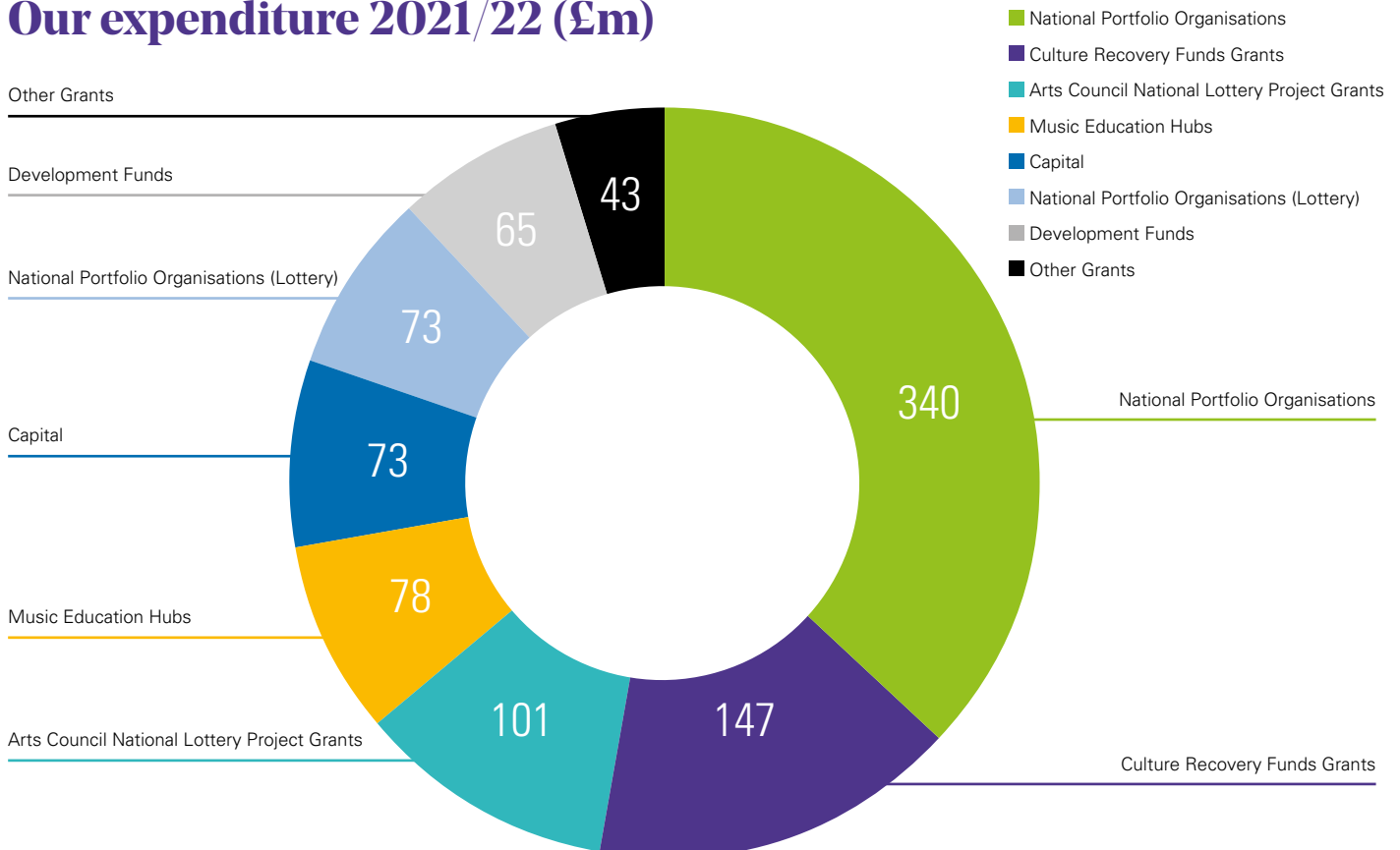
Chief Executive, Arts Council England

Our key numbers for 2021/22

Our total income (£m)

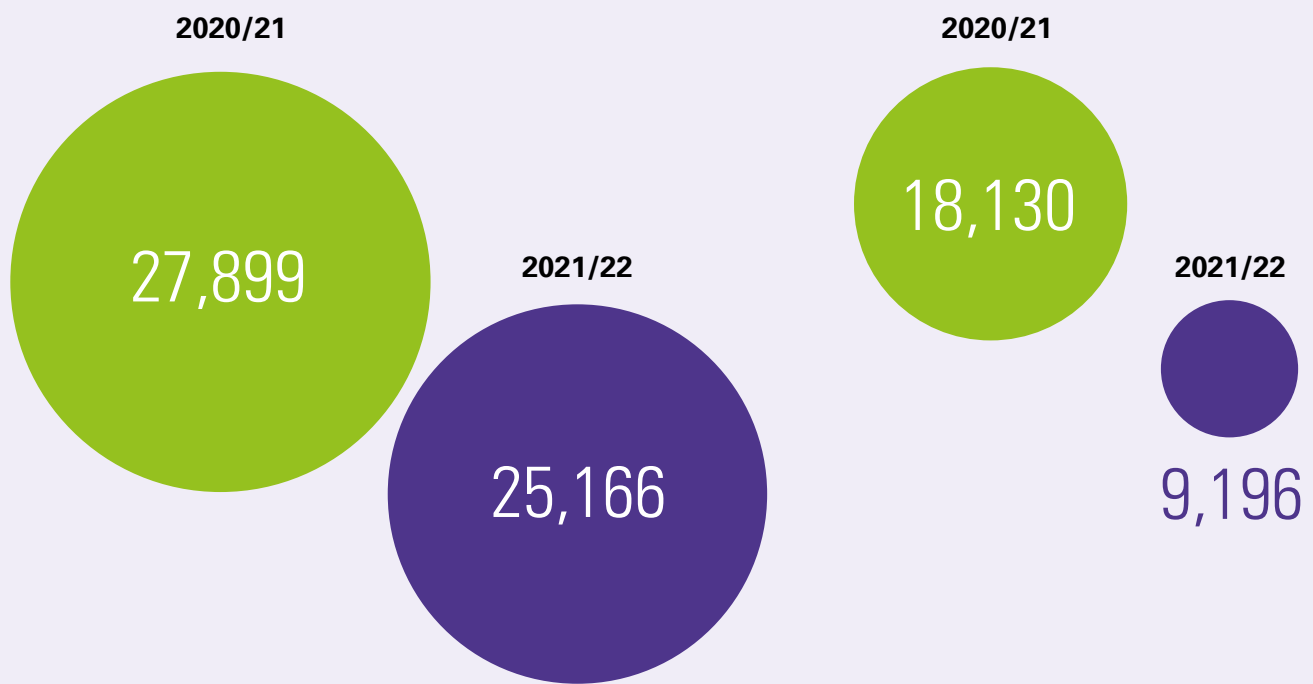


Our expenditure 2021/22 (£m)



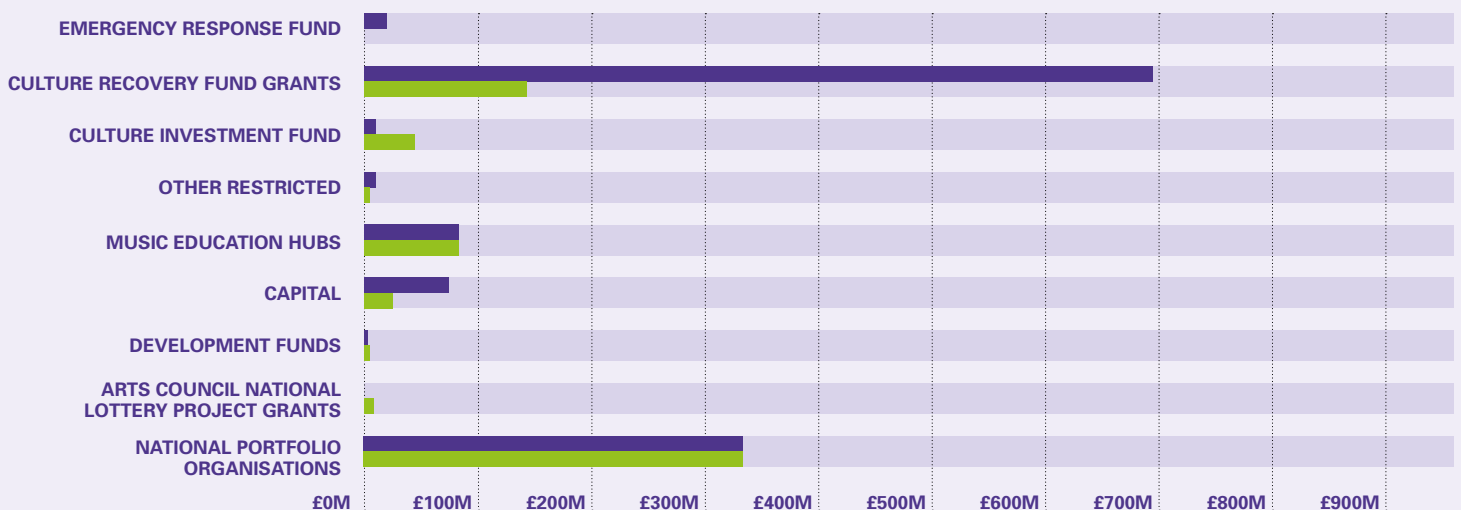
NUMBER OF GRANT APPLICATIONS PROCESSED

NUMBER OF GRANTS AWARDED



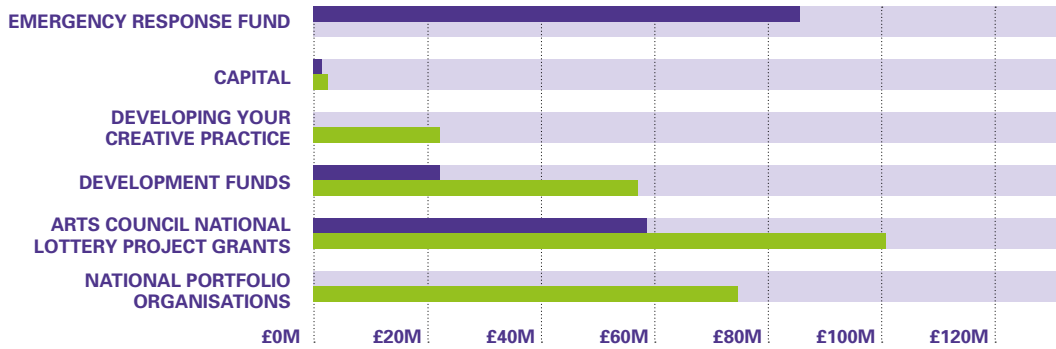
Grant-in-Aid expenditure

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:

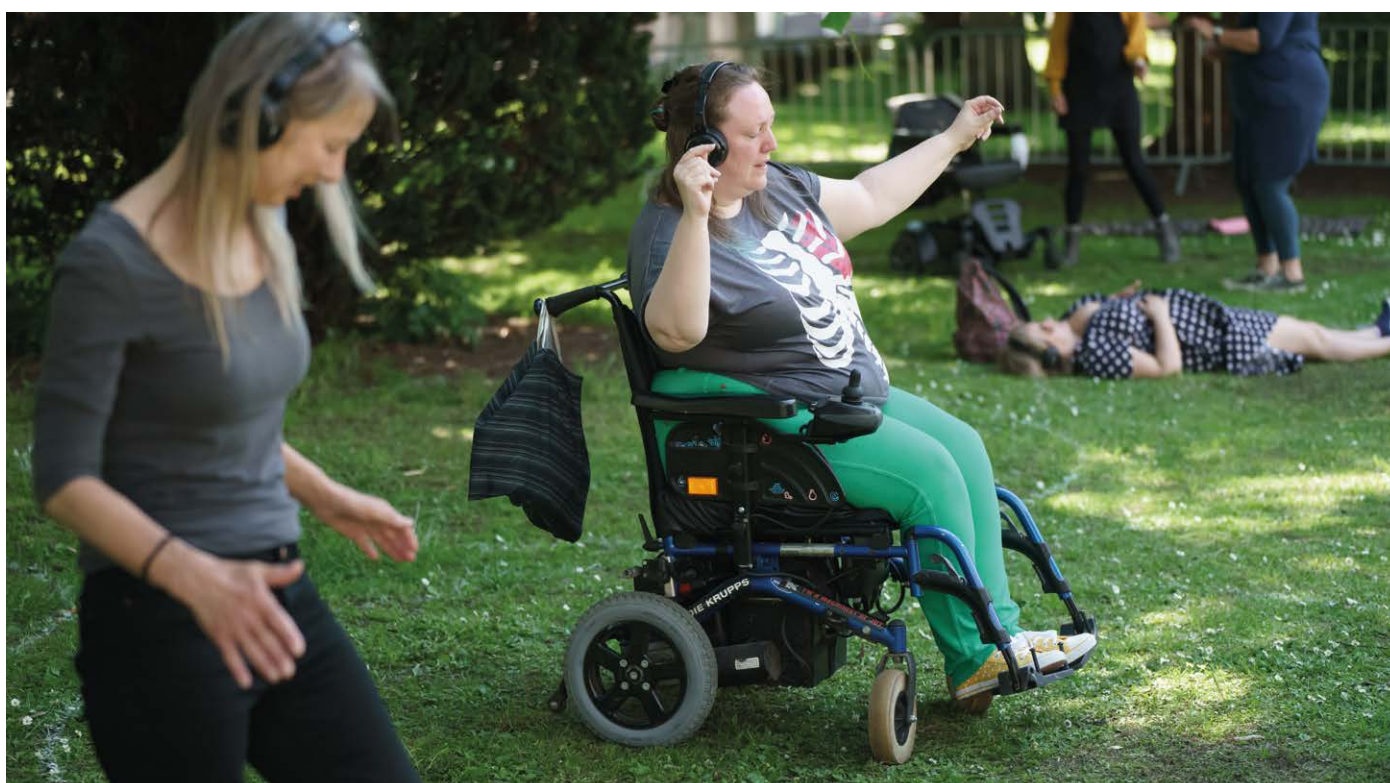
- Building a “fit for the future” cultural sector

- 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 backgrounds¹.

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

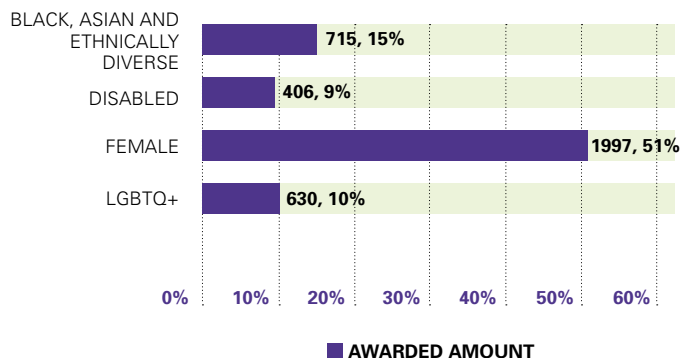
- **18 per cent** National Lottery Project Grants (NLPG) funding (or **£18,263,370**) and **26 per cent** of Developing Your Creative Practice funding (or **£5,662,620**) was awarded to Black, Asian and Ethnically Diverse individuals and/or led by Black, Asian and Ethnically diverse organisations.
- **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

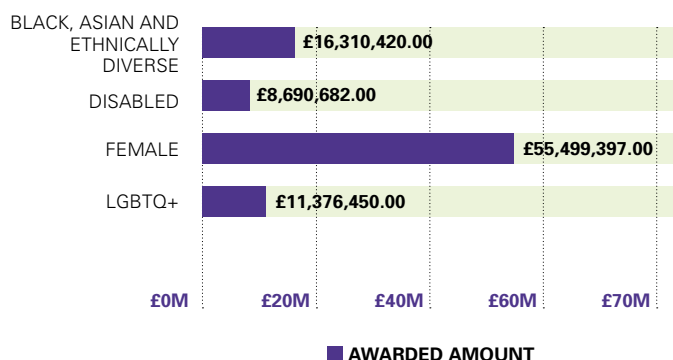
Data on National Lottery Project Grants awards made to organisations with Black, Asian and Ethnically Diverse, disabled, female and LGBTQ+ leadership (number of awards and percentage of total investment)

¹ <https://www.culturehive.co.uk/CV/resources/culture-in-crisis-impacts-of-covid-19/>; <https://www.weshallnotberemoved.com/2021-survey-report-in-summary/>

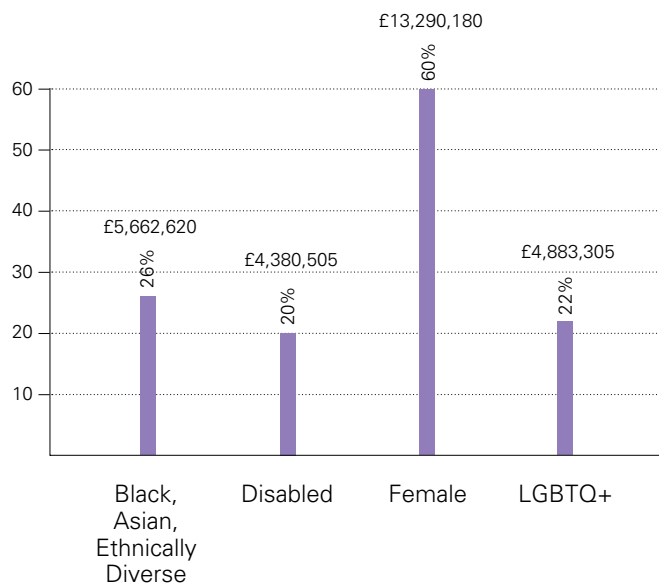
NLPG AWARDS



NLPG AWARDED AMOUNT



£ AWARDED AMOUNT AND % OF TOTAL



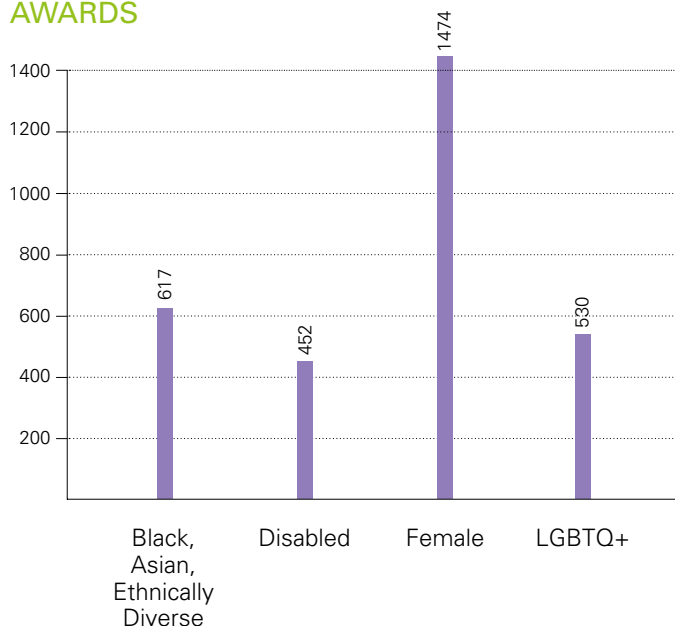
Investing in a cultural sector that is more relevant to all of England’s communities, and becoming a more inclusive and relevant national development agency

- 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.

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



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.

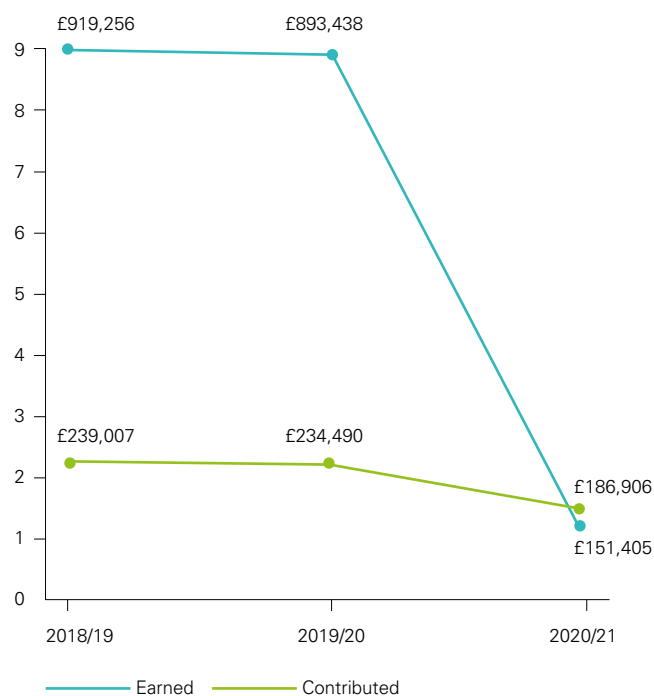
The **Capital Investment Programme** provides funding to cultural organisations to adjust buildings and equipment so that they can operate safely post-pandemic, improve access, seize on technological opportunities, and reduce environmental impact.

- **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

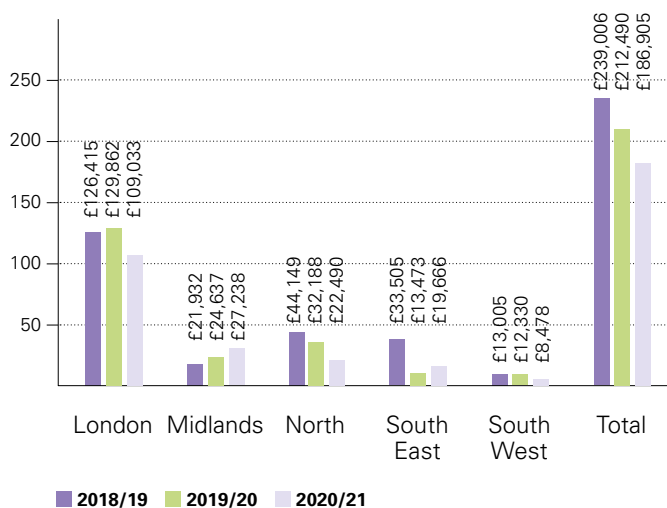


Earned income for National Portfolio Organisations decreased after the outbreak of Covid-19, due to full closures or partial re-openings of venues, and limited numbers of visitors and audiences. Contributed income – for example money given to an organisation as a gift or a grant – did not fall as much as earned income, as organisations generated donations through marketing and communications.

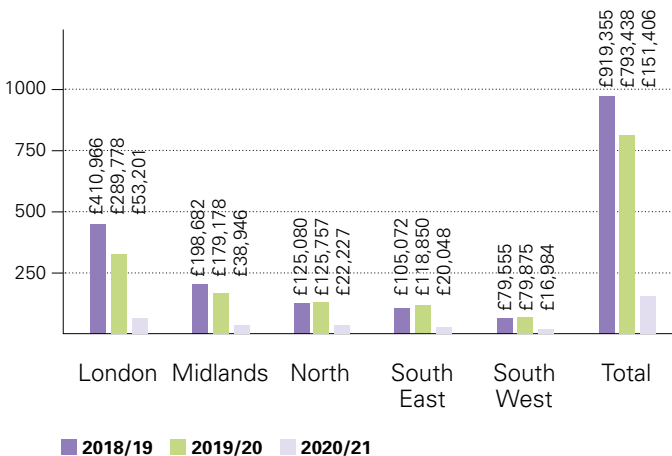
Organisations that had invested in their fundraising activity previously and had an established portfolio of supporters were able to sustain regular giving from their members. For those organisations that did not have a good base of supporters to communicate with, it was difficult to gain new donors 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

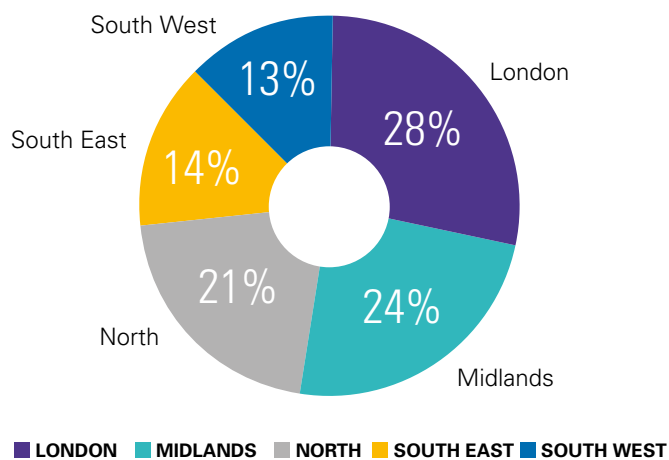
The number of organisations and individuals engaging with the Digital Culture Network, with breakdown by the five Arts Council Areas (2021/22)

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 background³

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.

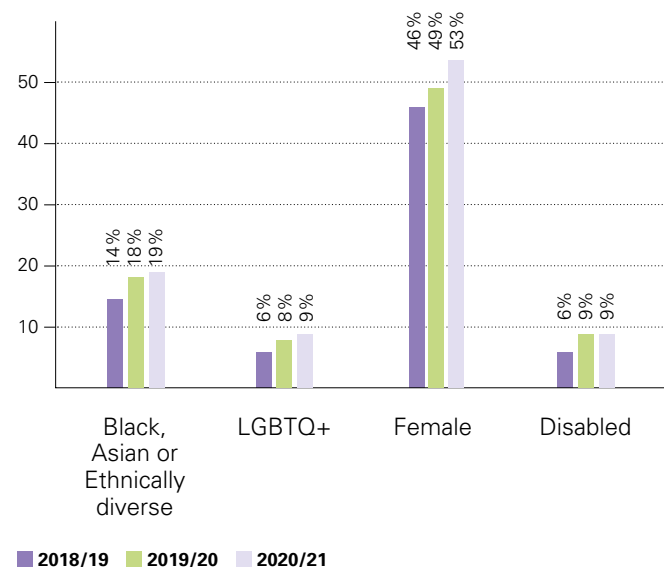
To understand how these figures compare to England as whole, the Office for National Statistics' percentages of working age population, over a similar period, show:

- 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 bisexual⁴

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.

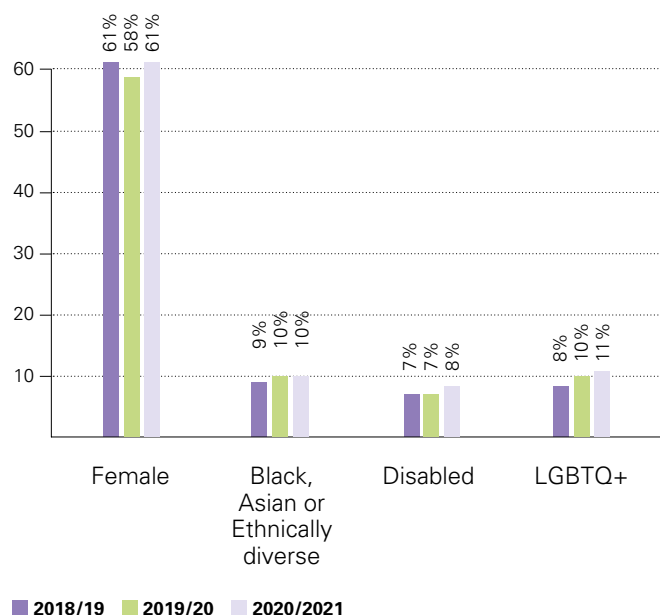
⁴ The Office of National Statistics survey asks if the respondent identifies as gay, lesbian, heterosexual or bisexual

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

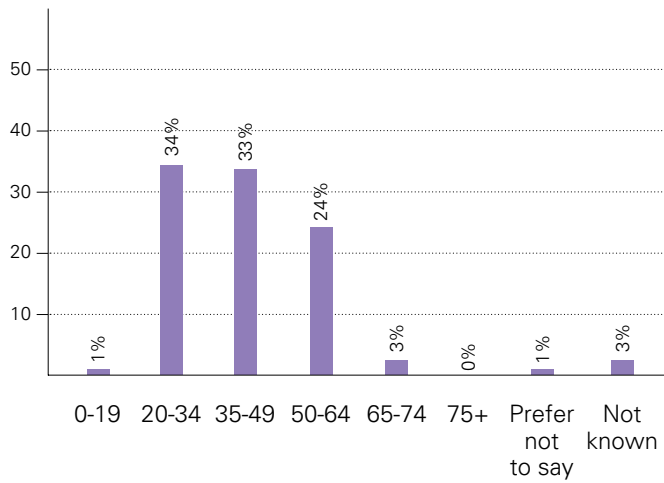
The total number of LGBTQ+ people in the National Portfolio’s workforce was 11 per cent that we have data for in 2020/21, which was higher than the 2.7 per cent who identified as lesbian, gay or bisexual in 2019 (APS survey).

NPO WORKFORCE



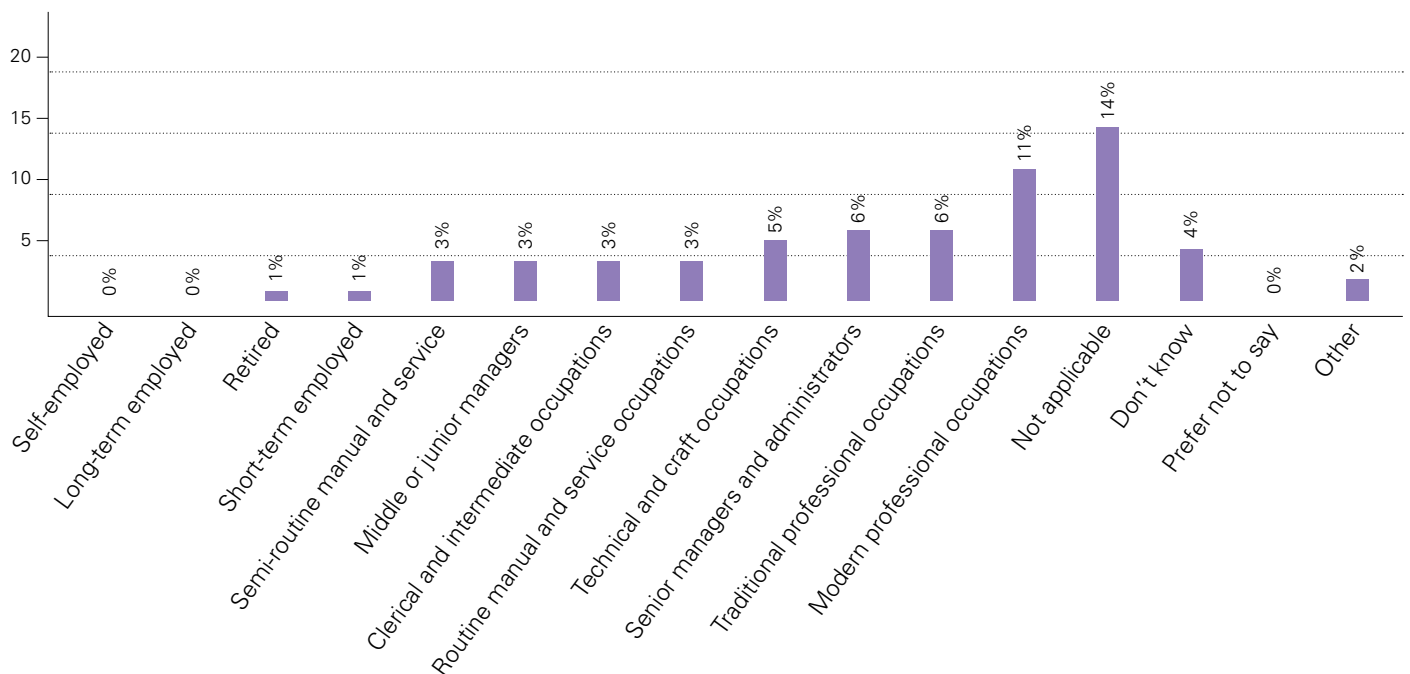
⁵ <https://www.culturehive.co.uk/CVI/resources/culture-in-crisis-impacts-of-covid-19>; <https://www.weshallnotberemoved.com/2021-survey-report-in-summary>

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 | <p>2021/22: 9.87% of our total investment spent in Priority Places, an increase of 58% from 2017-20⁶</p> <p>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%.</p> <p>Proportion of Lottery spend outside London in 2021/22: 78.25%</p> |

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

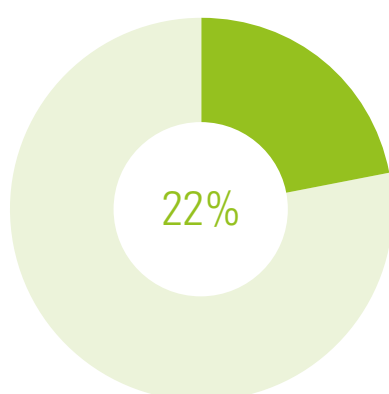
Department for Digital, Culture, Media and Sport Key Performance Indicator – Levelling Up

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).

2021-22

■ % SPEND IN AREAS OF LOW ENGAGEMENTS
■ % OF OTHER SPEND



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.

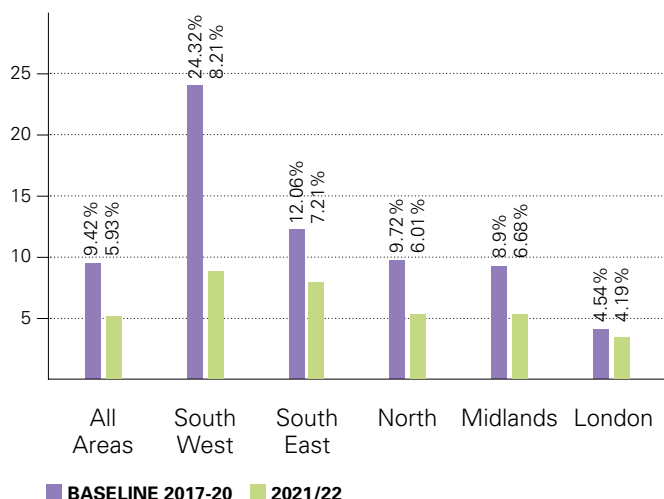
⁸ Lowest 33 per cent engagement as taken from Active Lives 2019/20 data.

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”.

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

% OF TOTAL INVESTMENT IN PRIORITY PLACES



| 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 | <p>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.</p> <p>While the success rate of museum applications has decreased, the number of applications and amount awarded increased significantly.</p> <p>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.</p> |

| 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 Survey¹⁰

| | 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.

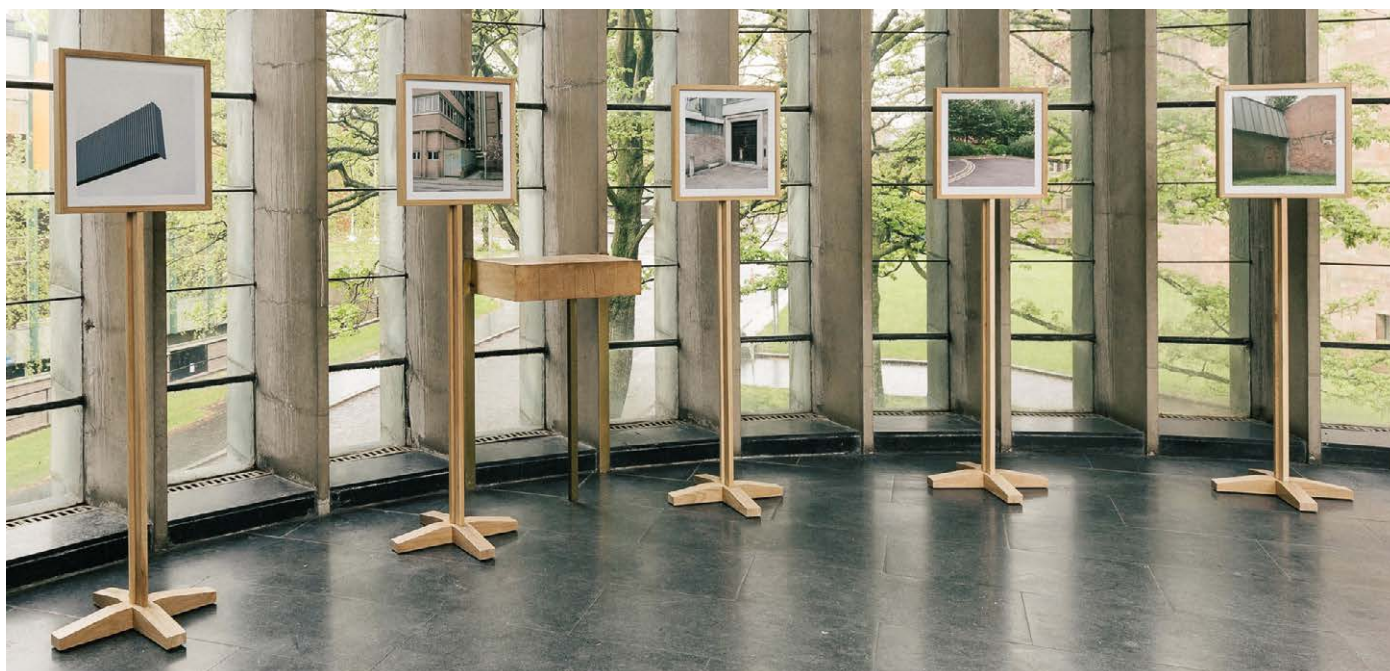
Working collaboratively with local and national partners, and supporting major cultural moments

- 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 | <p>Of the 49 applications received from applicants based in England, 20 were from organisations and 29 were individuals.</p> <p>Of the 19 awards for lead applicants based in England, 11 awards were made to organisations, and eight to individuals.</p> |

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

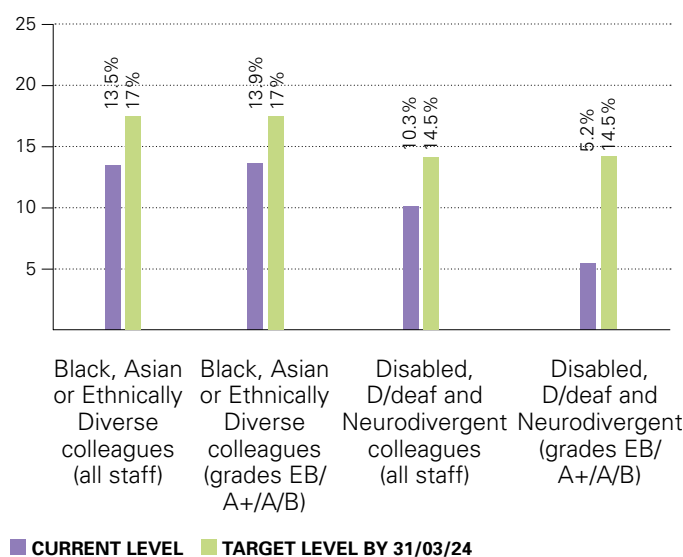
- We retained our gold rating against the **Investors in People** framework, a benchmark for organisations to assess how well they are supporting people at work. We continue building an **organisational culture** that supports learning and the development and wellbeing of our staff.
- We established 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 | <p>Our Data Strategy outlines how data will support us to achieve our three <i>Let's Create</i> outcomes, and the positive impact that creativity and culture can make to people, communities, and the country.</p> <p>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.</p> <p>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 <i>Let's Create</i>.</p> |

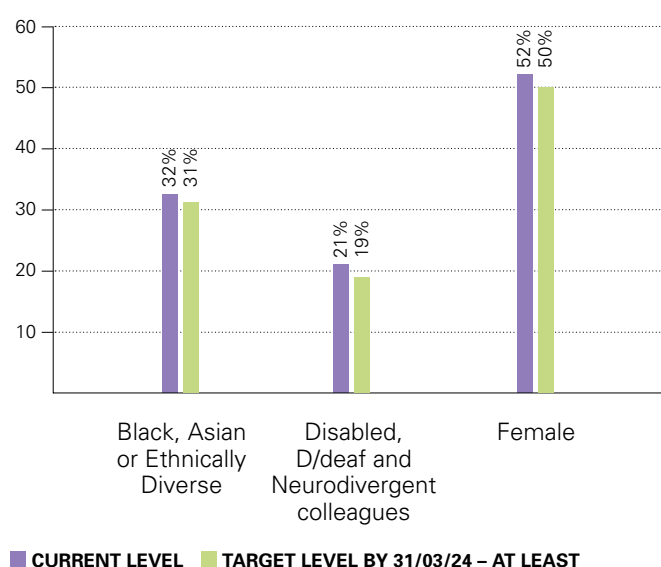
Becoming a more inclusive employer that better reflects and serves all communities across England

- 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.

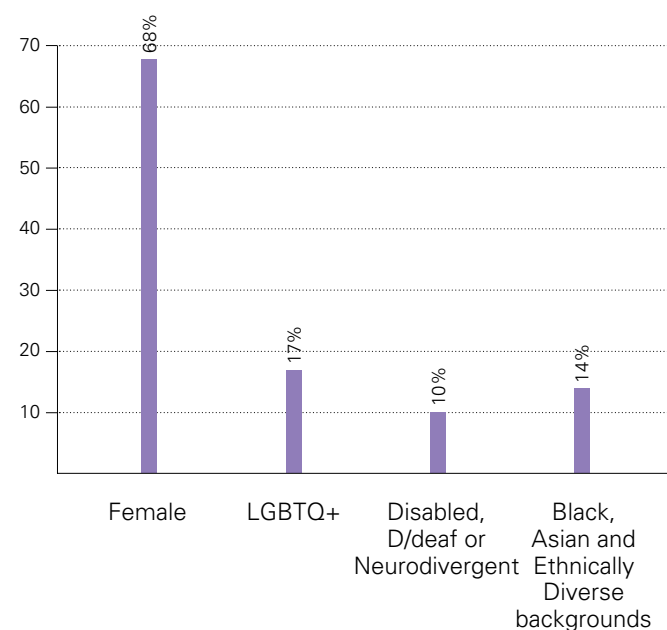
| Delivery Plan Measures | Results/Update |
|---|------------------------------------|
| Data on geographic location of Arts Council staff | London: 165 Outside London: 514 |

- 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.

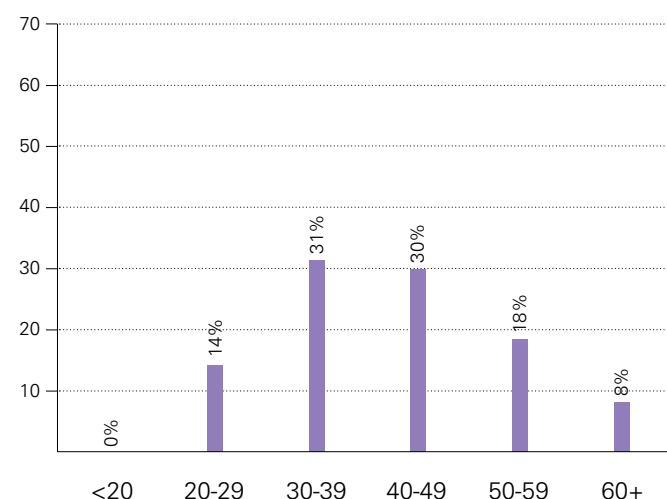
Department for Digital, Culture, Media and Sport Key Performance Indicator – Opening up Access¹²

Percentage for each protected characteristic (Black, Asian & Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background

ARTS COUNCIL WORKFORCE

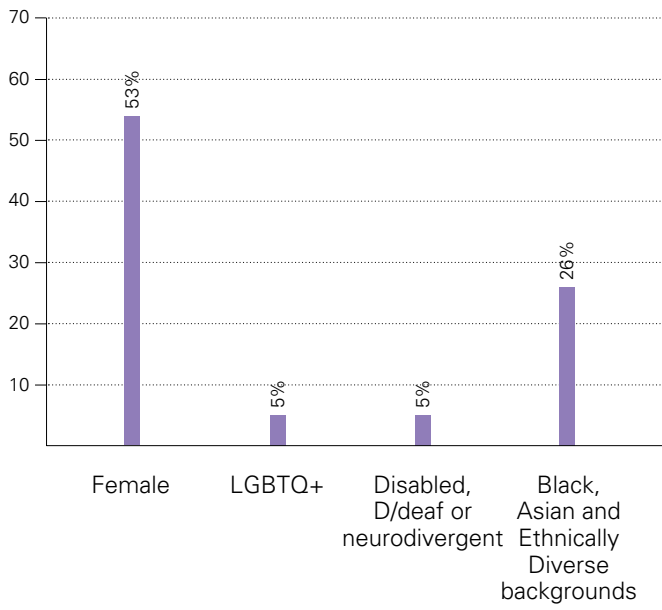


ARTS COUNCIL AGE SPREAD



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 | 150 | 0 | 0 | 30 | 180 |
| | 2020/21 | 150 | 0 | 0 | 30 | 180 |
| Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries) | 2021/22 | 126 | 0 | 0 | 25 | 151 |
| | 2020/21 | 126 | 0 | 0 | 25 | 151 |
| Simon Mellor Deputy CEO (Arts & Museums) | 2021/22 | 126 | 5 | 0 | 25 | 156 |
| | 2020/21 | 126 | 5 | 0 | 25 | 156 |
| Elizabeth Bushell Chief Finance Officer | 2021/22 | 112 | 2 | 0 | 22 | 136 |
| | 2020/21 | 112 | 2 | 0 | 22 | 136 |
| Mags Patten Executive Director (Public Policy & Communications) | 2021/22 | 112 | 0 | 0 | 22 | 134 |
| | 2020/21 | 112 | 0 | 0 | 22 | 134 |
| Francis Runacres MBE Executive Director (Enterprise & Innovation) | 2021/22 | 112 | 0 | 0 | 22 | 134 |
| | 2020/21 | 112 | 0 | 0 | 22 | 134 |
| Richard Russell Chief Operating Officer | 2021/22 | 112 | 4 | 0 | 22 | 138 |
| | 2020/21 | 112 | 2 | 0 | 22 | 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 QUANTILES 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)

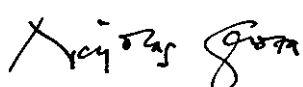
| MEMBER | ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2022 £000s | INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2021/22 £000s | TRANSFER VALUE AT 31 MARCH 2022 £000s | INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2021/22 £000s | TRANSFER VALUE AT 31 MARCH 2021 £000s |
|--|--|--|--|--|--|
| 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.

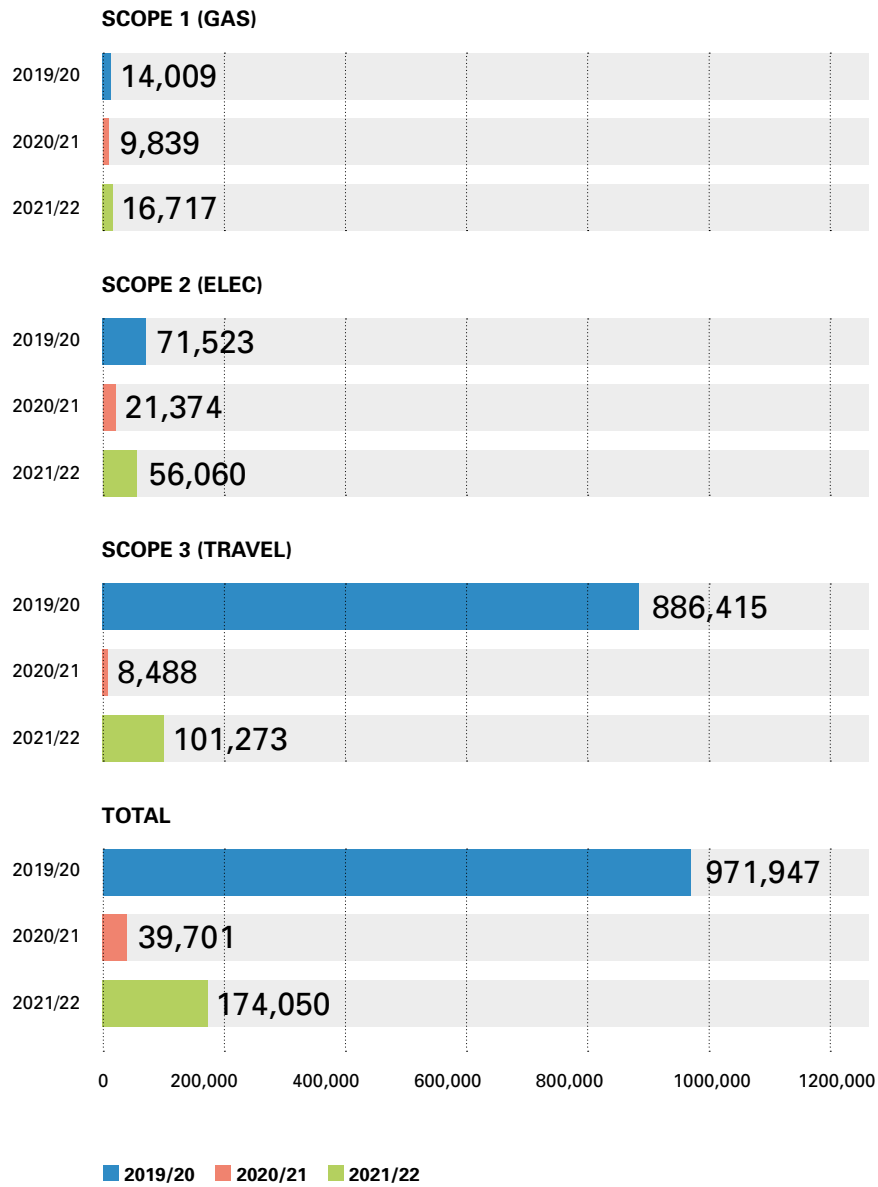
| TRAVEL | | 2019/20 | 2020/21 | 2021/22 |
|--------------------------|--------------|------------------|---------------|----------------|
| CO ₂ (tonnes) | Rail | 101 | 1 | 12 |
| | Air | 25 | 0 | 4 |
| | Car | 96 | 2 | 19 |
| | Total | 222 | 3 | 35 |
| Cost (£) | Rail | 743,173 | 5,618 | 67,203 |
| | 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 |

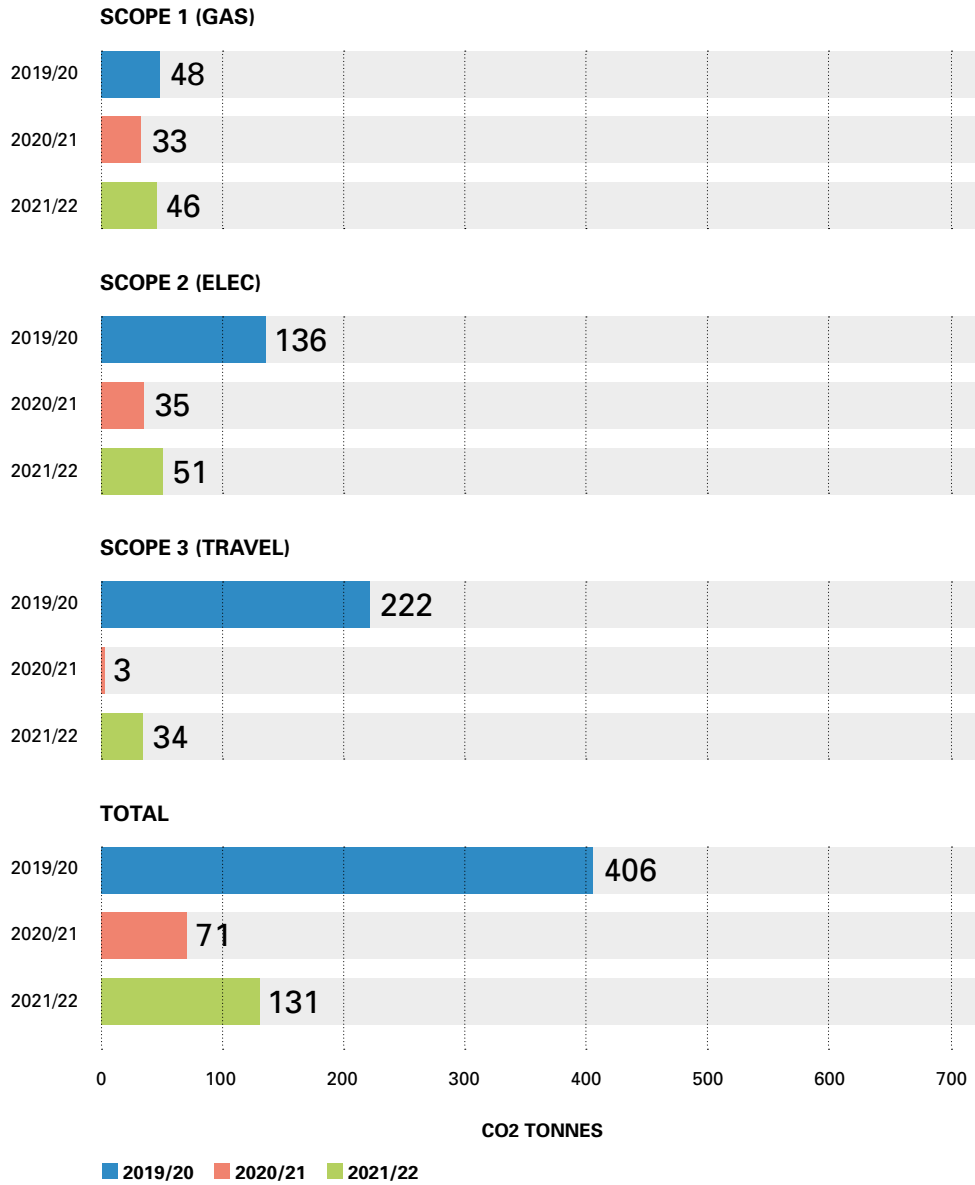
| GREENHOUSE GAS EMISSIONS | | 2019/20 | 2020/21 | 2021/22 |
|--------------------------|--|---------|---------|----------------|
| CO ₂ (tonnes) | Total gross emissions (CO ₂) | 184 | 68 | 97 |
| | Gross emissions Scope 1 (direct) | 48 | 33 | 46 |
| | Gross emissions Scope 2 (indirect) | 136 | 35 | 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 (m ³) | 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 |

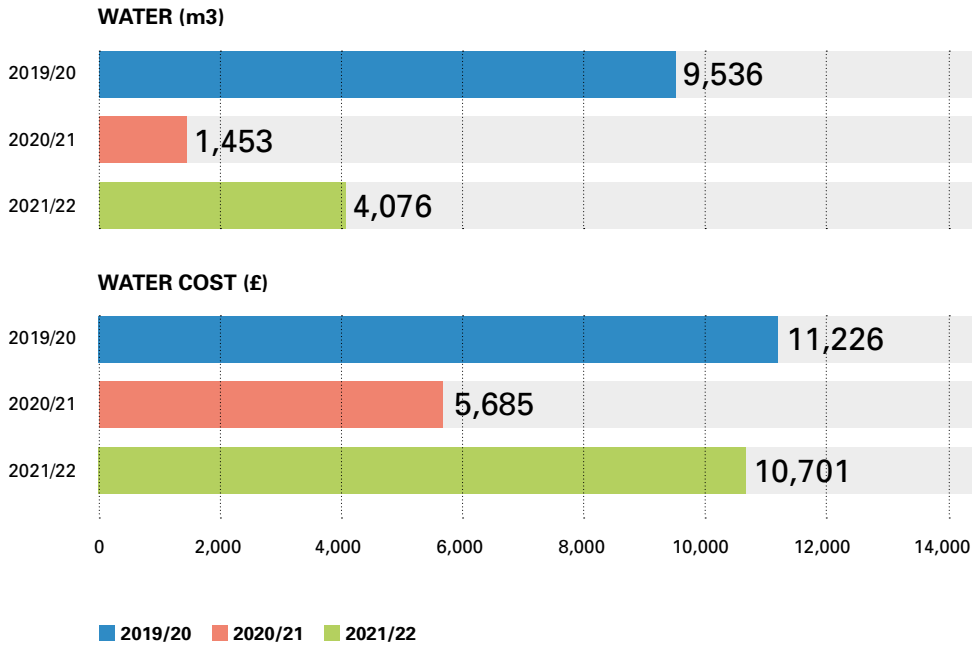
FINANCIAL EXPENDITURE (£)



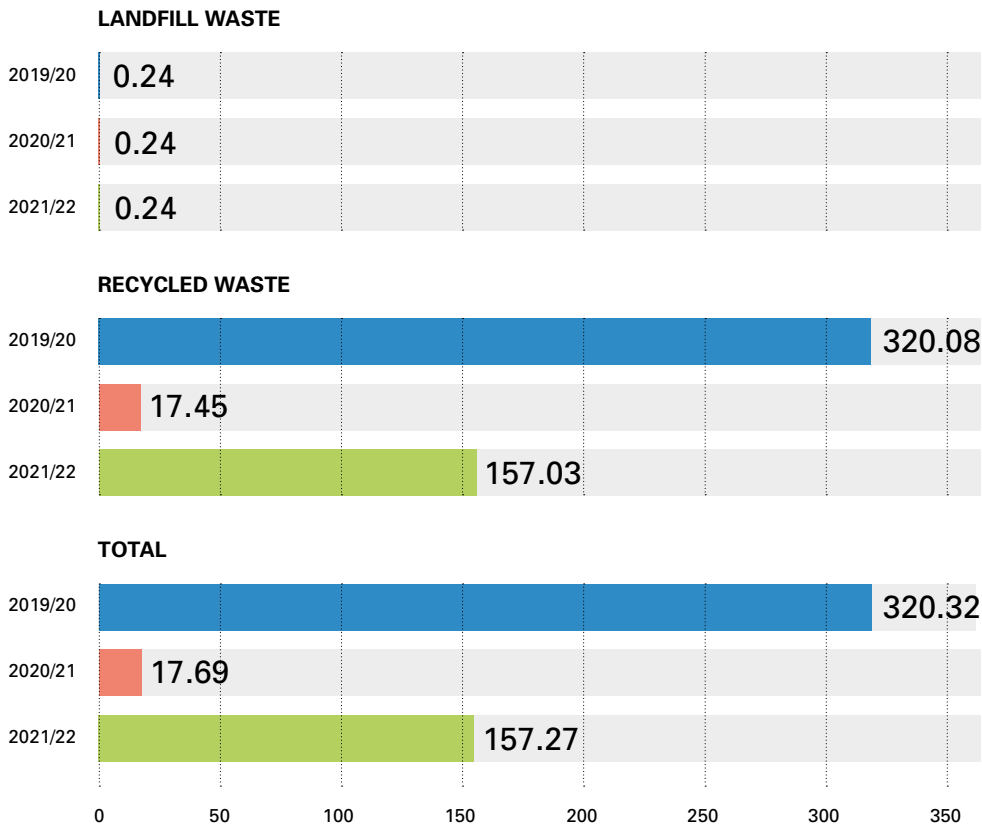
CO2 WHOLE ESTATE (TONNES)



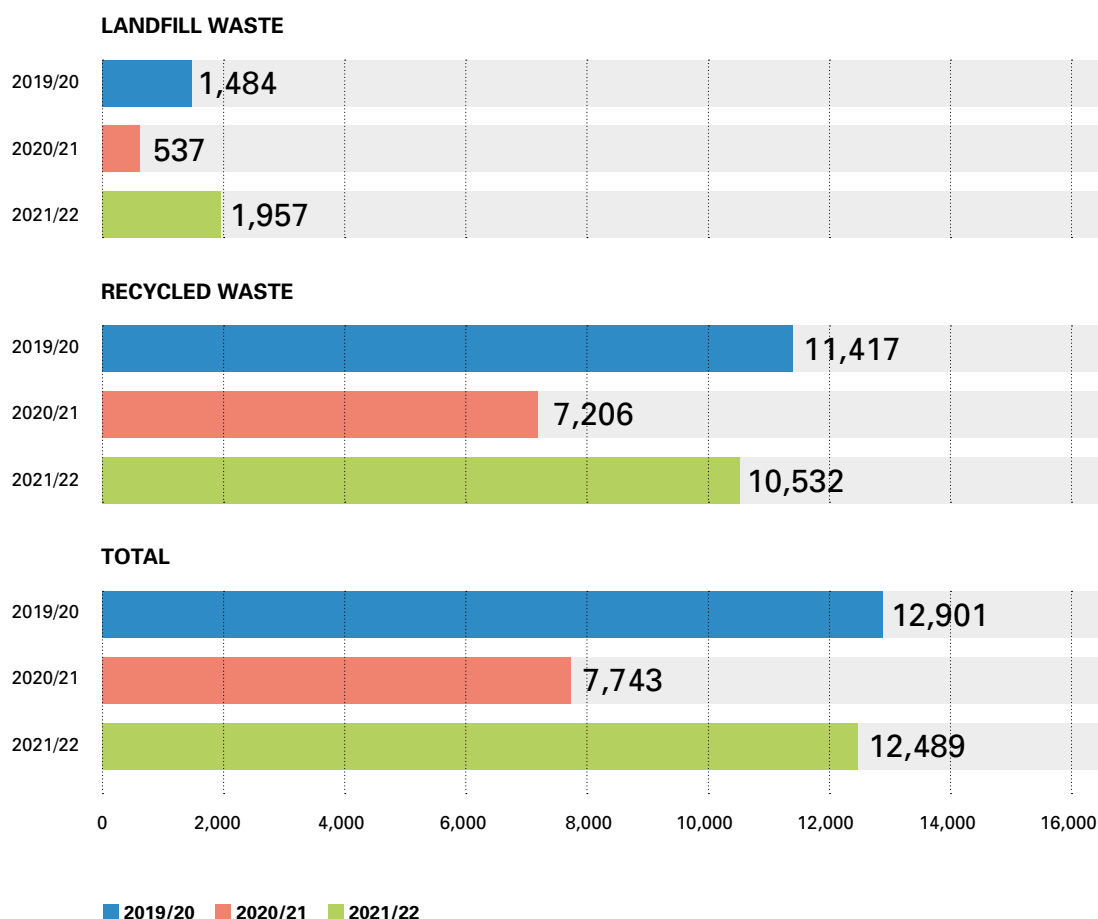
WATER USAGE (m3) AND EXPENDITURE (£)



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





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

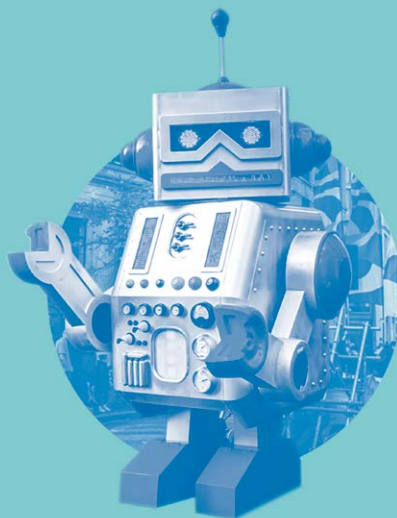
- assess and advise on the organisation's financial risk, performance management, governance and value for money
- performs the responsibilities of an Audit and Risk Assurance Committee

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 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 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:

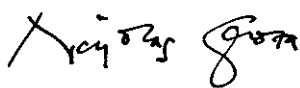
- 1) Post Event Assurance – Emergency Response Fund
- 2) Financial Interventions and Grant Withdrawal
- 3) Access Support Fund
- 4) Website Cookies Advisory Support
- 5) Post Event Assurance – Cultural recovery Fund round 1
- 6) Cyber Security
- 7) Risk Maturity Review
- 8) Follow Up review

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:

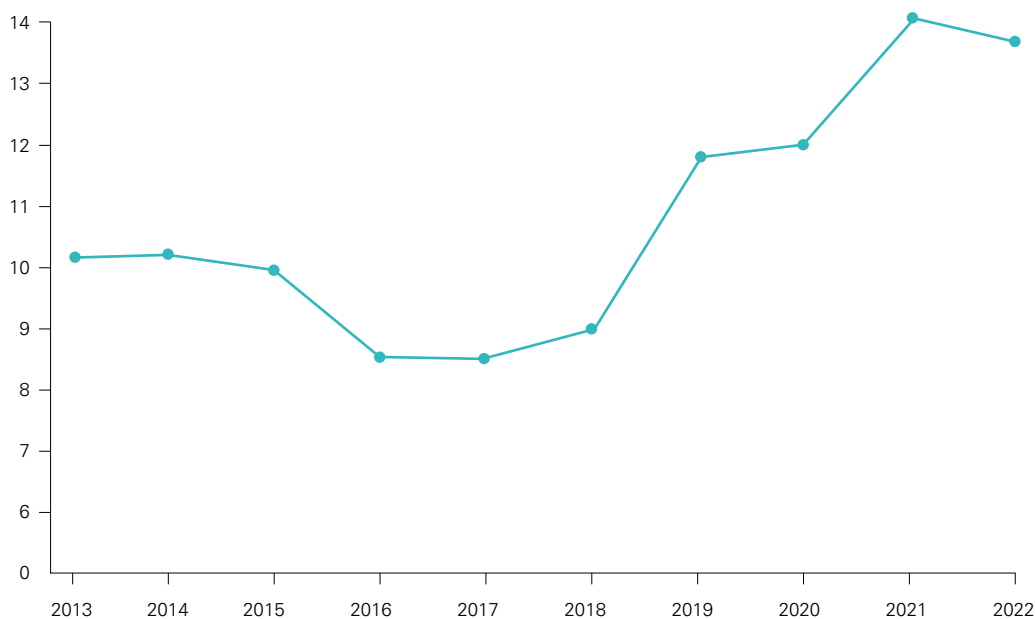
- A comprehensive wellbeing strategy
- Recognition for colleagues in the form of internal promotion opportunities

- 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.

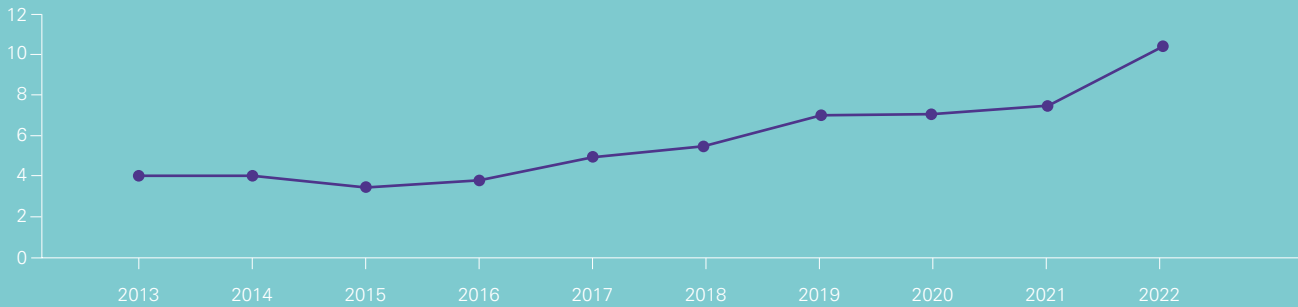
Our proportion of Black, Asian and Ethnically diverse staff in the year fell slightly – from 14.3 per cent in 2020/21 to 13.5 per cent in 2021/22. However, it remains at a higher level than in the years prior to that.

% 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

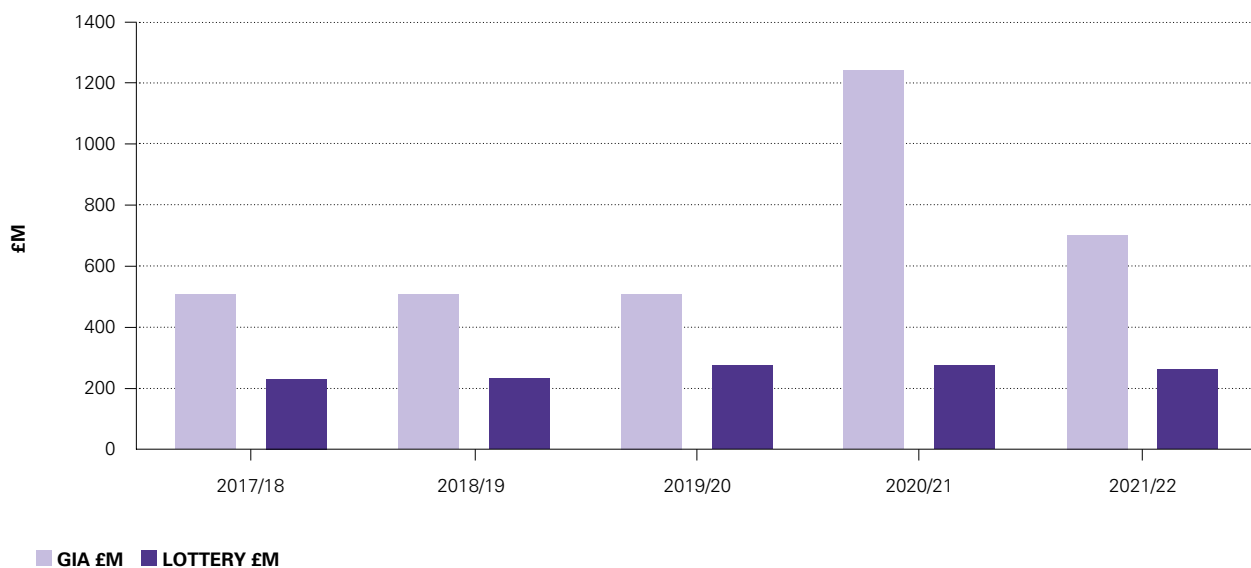


FINANCIAL REVIEW, GRANT-IN-AID

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 | – |

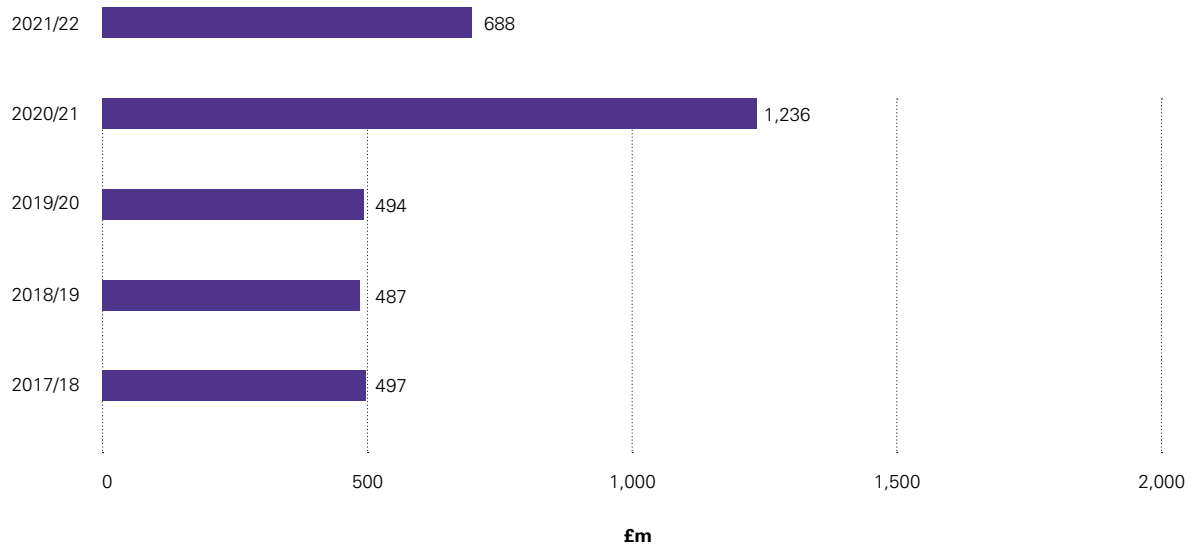
GRANT-IN-AID EXPENDITURE

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.

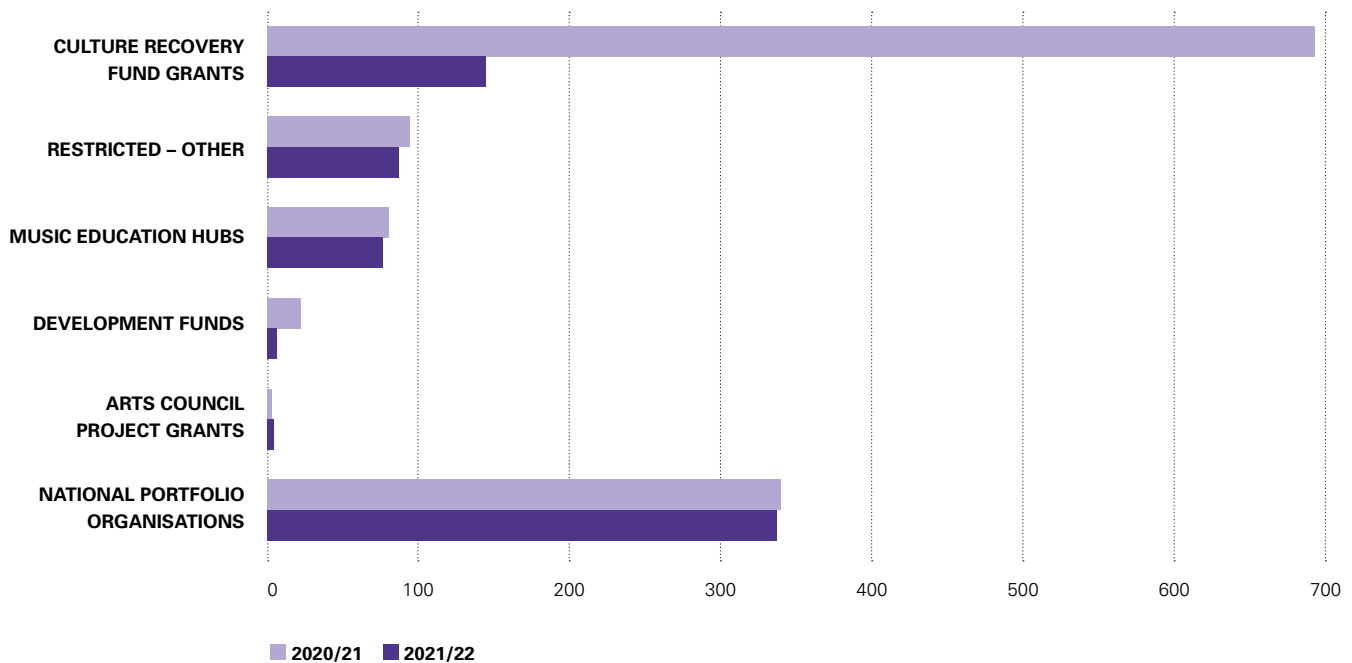
In 2017 the Arts Council announced allocations for its National Portfolio Organisations for the period 2018-22. Of grants relating to the 2021/22 financial year, the final year of this portfolio, £340 million are included in these accounts (2020/21: £340 million).

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.

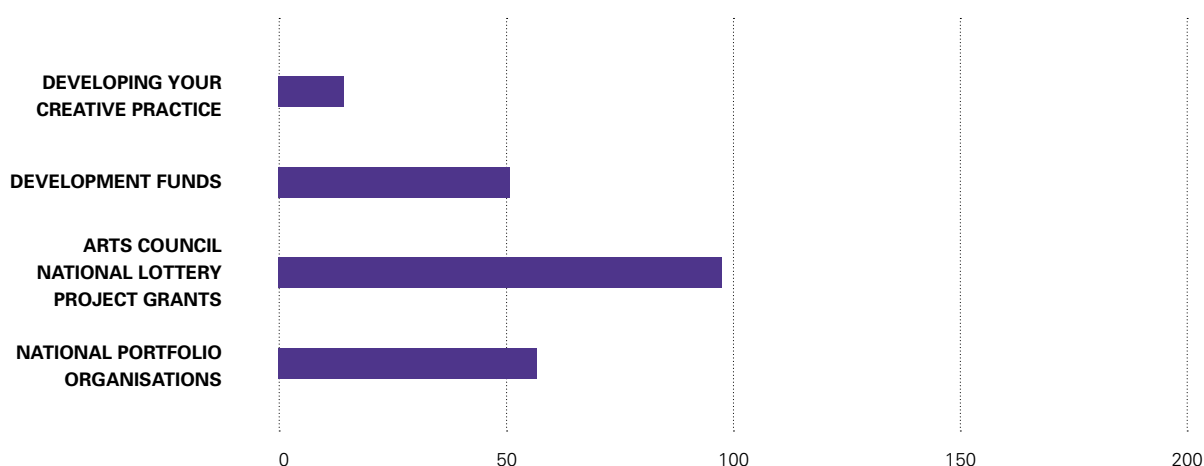
At 31 March 2022, Arts Council England had unrestricted reserves of £851,000 (2020/21: £301,000) together with £9.7 million (2020/21: £1.4 million) restricted income funds and endowment capital funds reserves. Our policy

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.

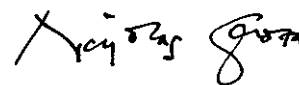
The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's-length bodies are set out in chapter three of Managing Public Money. Formally the Accounting 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





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 | | | | | | | |
| 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.

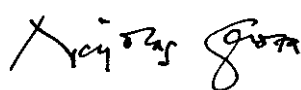
THIS ADJUSTMENT WAS MADE TO REFLECT THE CHANGE IN ACCOUNTING POLICY ADOPTED IN RESPECT OF THE CARRYING VALUE OF HERITAGE ASSETS. SEE NOTES 10 AND 17 FOR MORE INFORMATION.

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.

| EMOLUMENTS FOR THE YEAR | PENSION SCHEME | | | TOTAL 2021/22 | TOTAL 2020/21 |
|-------------------------|-----------------|----------------------|------------|---------------|---------------|
| | DEFINED BENEFIT | DEFINED CONTRIBUTION | NO PENSION | | |
| £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 advisers 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 | – | Artwork | 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

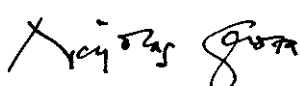
| | NOTE | 31 MARCH 2022 £000s | 31 MARCH 2021 £000s |
|--|------|------------------------|------------------------|
| CURRENT ASSETS | | | |
| Trade and other receivables | 9 | 154 | 40 |
| Investments: balance in the National Lottery Distribution Fund | 2 | 193,770 | 210,563 |
| Cash and cash equivalents | 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 31 MARCH 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.

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



BOURNEMOUTH ARTS BY THE SEA FESTIVAL. PHOTO © HOTSHOT CREATIVE (SCOTT SALT & JAMES BRIDLE) (2)



DR DARREN HENLEY, CBE. CHIEF EXECUTIVE, ARTS COUNCIL. PHOTO © SUNDERLAND ECHO



SILENT DISCO AT CITY ENCOUNTERS 2021 – WILTSHIRE CREATIVE. PHOTO © ASH MILLS



STUDIO WAYNE MCGREGOR AND STUDENTS FROM WESTON COLLEGE PERFORM A DANCE RESPONSE TO LUKE JERRAM'S IN MEMORIAM. PHOTO © FINNBARR WEBSTER



STOPGAP DANCE COMPANY – FROCK, 2019



LIFE OF PI – SHEFFIELD THEATRES. PHOTO © JOHAN PERSSON



THE CUSTOMS HOUSE – DRAG WORKSHOP. PHOTO © BILLY AMANN, APRIL 21



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SIR NICHOLAS SEROTA, CH. CHAIR, ARTS COUNCIL ENGLAND. PHOTO © HUGO GLENDENNING



BIRMINGHAM ROYAL BALLET'S TOM ROGERS AND YU KURIHARA IN WILL TUCKETT'S LAZULI SKY. PERFORMED AT BIRMINGHAM REPERTORY THEATRE. PHOTO BY JOHAN PERSSON



INSTALL IMAGES OF CONCRETE COLLAR EXHIBITION. PHOTO © TOM ILLSLEY



AIDY AND GRANNY – THE GRAMOPHONES THEATRE COMPANY. IMAGE © PAMELA RAITH



WILDFLOWER BY CURIOUS ARTS, SUMMER STREETS FESTIVAL 2021. PHOTO © AMELIA READ



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WISE CHILDREN – PRODUCTION SHOT. PHOTO © STEVE TANNER



REHEARSAL IMAGES OF THE RSC'S ONLINE PRODUCTION OF DREAM. PHOTO BY STUART MARTIN © RSC AUGUST 2021



CREATIVE ARTS ACTIVITIES AND ECO ARTS COUNCIL PROJECTS AT LIPA PRIMARY AND HIGH SCHOOL. PHOTO © CALLUM MCMORRAN, CANTEENCREATE LIPA PRIMARY AND HIGH SCHOOL (3)



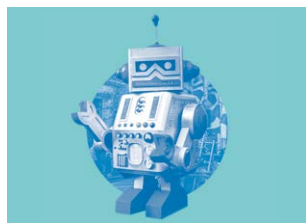
NEWLYN ART GALLERY – VOLUNTEER AND VISITOR AT FRONT DESK BUYING MASKS. PHOTO © EMILIE SWANN



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 CATTERMOLLE



SUNDERLAND CULTURE – GREAT PLACES SCHEME. PHOTO © VICKI KENNEDY



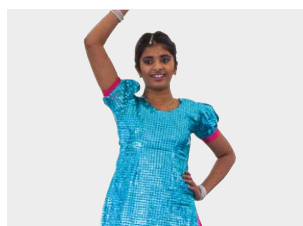
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NOTTINGHAM MELA. PHOTO BY BARTOSZ KALI



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PLYMOUTH ART WEEKENDER – CARE PROJECT. PHOTO CREDIT, HARRIET ROSE-MORLEY



CHELTENHAM FESTIVALS. PHOTO CREDIT, STILL MOVING MEDIA APRIL 2021



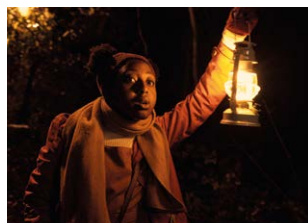
BRITISH TEXTILE BIENNIAL 2021. PHOTO © LEE SMILE



THEATRE-RITES – BIG UP (THEATRE-RITES & 20 STORIES HIGH CO-PRODUCTION) 7 FEBRUARY 2019. CREDIT AND © HELEN MURRAY



BRITISH MOTOR MUSEUM – BOY. PHOTO BY BRITISH MOTOR MUSEUM



INSANE ROOT – HANSEL AND GRETEL. PHOTO © JACK OFFORD



CREATIVE ARTS ACTIVITIES AND ECO ARTS COUNCIL PROJECTS AT LIPA PRIMARY AND HIGH SCHOOL. PHOTO © CALLUM MCMORRAN, CANTEENCREATE LIPA PRIMARY AND HIGH SCHOOL (2)

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We are committed to being open and accessible. We welcome all comments on our work.

Please send these comments to our Enquiries Team at:

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