

Arts Council England,
Grant-in-Aid and National Lottery
Distribution 2023/24



Annual Report & Accounts

For the year ended 31 March 2024



ARTS COUNCIL ENGLAND GRANT-IN-AID AND
NATIONAL LOTTERY DISTRIBUTION ANNUAL
REPORT AND ACCOUNTS 2023-2024

FOR THE PERIOD 1 APRIL 2023
TO 31 MARCH 2024

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Chair's report

01.



This has been an exciting and challenging year for Arts Council England with the start of our new National Portfolio in April 2023. The largest ever, it includes almost a thousand of the most outstanding and innovative arts organisations, museums and libraries across the country. Together, these organisations embrace and exhibit excellence in many forms, and alongside the individual artists, performers and organisations that receive funding through our other investment programmes, they demonstrate the value that public investment in creativity and culture can bring to villages, towns and cities across England. Their work and their impact stand as proof of the benefits that access to the highest quality in creative activities and cultural experiences has on the lives of people in all parts of the country.

There is an intrinsic value in creativity and culture. The emotions and inspiration that a live performance, a piece of music, a work of literature, an exhibition, or a painting or sculpture can evoke in us is something that has been recognised throughout time. I know the power of that myself. A visit to an exhibition at the Tate Gallery – *54-64 Painting & Sculpture of a Decade* – gave me a different perspective on the world; one that caused me to change direction and take the path that led me to a career in the arts.

This story is not particular to me. During my time as Chair of the Arts Council, I have

heard countless similar stories. From young people who attend schools that are part of our Artsmark programme, or who work with one of the Music Hubs that we administer on behalf of the Department for Education. From people who have worked alongside artists to help shape cultural activities in their communities, as part of our Creative People and Places programme. And from those who, like me, were inspired by their experience at a creative or cultural event to explore new horizons.

One of the driving forces behind our strategy, *Let's Create*, is the belief that the best in creativity and culture – be that in classical music, opera, theatre, visual arts, dance, literature, or any other artform – should be available to more people in more places. Launched four years ago, it came about through conversation, consultation and collaboration. We spoke with those who work in creative and cultural organisations of all sizes: from artists, performers and musicians to museum workers and library staff. We also listened carefully to what the public wanted. It is their taxes and National Lottery ticket purchases that fund our investment.

The people we spoke to were quick to talk about the profound benefits that they felt creativity and culture brought to the places they called home. As well as the inspiration I have already touched upon, they described the ways in which access to culture can instil civic pride, attract economic investment, improve wellbeing, raise aspirations, and provide opportunities to young people to develop their creative talent. But they also told us about the lack of excellent art and

culture in many parts of our nation, and their disappointment that, although talent is everywhere, the opportunities for that talent to flourish are not. One of the purposes of *Let's Create* is to ensure that the benefits of a full and fulfilled creative and cultural life are not dependent on your background, or where you live.

I am pleased to say that since our new National Portfolio began its work in April 2023, we have begun to see that vision being realised. The recovery from the impact of the pandemic on audiences and revenue, coupled with especially high cost-inflation in the arts sector, has created severe challenges for many organisations, both large and small. However, individuals, companies and their governing boards have shown remarkable resilience and imagination. The organisations in which we are investing have continued to produce outstanding work, and in some parts of the country green shoots are appearing where previously there was little to see. Those organisations receiving regular support for the first time have created new jobs and have opened new opportunities to young people in many more places around the country. This is only possible because of the excellence that individual creative practitioners, arts organisations, museums and libraries display through their ambition, enterprise and innovation.

And yet, though there is much to celebrate, there are also continuing challenges in the arts, museums and libraries that reflect the challenges facing society as a whole, including competing demands on the public purse. For local authorities, which for so long have been our major partner in investing in the nation's creative and cultural life, there is too often a painful choice between which parts of the public realm to fund. It is one of the tasks of the Arts Council to make the case for investment in creativity and culture, working alongside our partners in the sector. To that end, we warmly welcomed the news in the Spring Budget that tax relief on new

productions and commissions for our theatres, orchestras, museums and galleries is to be made permanent. New productions are the lifeblood of an organisation: every generation needs to be able to make its own statement about how it sees the world, and to contribute to the social and economic well-being of the whole country.

A vibrant creative and cultural sector is vital to our national life and to our nation's position in the world. British artists, performers and companies are admired across the globe, but sustaining and developing their collective voice requires funding from both the public and the private sectors. We have built a unique ecology in this country, but it requires continuing public investment to ensure that the arts and culture are available to all, in towns and villages as well as in our great cities. *Let's Create* is a response to an aspiration expressed by so many that we should encourage the best and enrich everyone's lives through culture.

It is an aspiration that we shall continue to strive to deliver.

Sir Nicholas Serota, CH
Chair, Arts Council England

Chief Executive's report

02.



One of the greatest joys of my job is having the chance to see, every day, how Arts Council England's investment helps artists, arts organisations, libraries and museums to create ambitious, innovative work in every part of our country.

Our new National Portfolio is helping to make that happen. It is our largest ever, with the greatest geographic spread of investment – ensuring that the very best in creativity and culture is within easier reach of more people.

For me personally, nothing beats being an audience member or visitor and joining with others in enjoying the sublime experience of a truly excellent creative or cultural event. One such experience for me this year was when I gathered with hundreds of others in Barrow-in-Furness to watch the opening night of the Royal Liverpool Philharmonic Orchestra's new residency in the town. Over the next three years – and I hope many more – the orchestra, which is part of our National Portfolio, will be a living, breathing part of Barrow, running a regular concert season which will showcase the high standard of work which delights audiences across the UK and around the world. The residency will also see them work with schools in the town, providing inspiration and raising the aspirations of the young people who live there. The RLPO offers a truly excellent example of an organisation grasping the range of what our strategy *Let's Create* is about: reaching new audiences in new ways; working with young people; and making sure that artistic ambition, innovation and

excellence are central to every aspect of the creative and cultural output we invest in.

If you travel down the length of the Manchester Ship Canal from Liverpool, you will come to another of our National Portfolio Organisations whose work also embodies the value and values of *Let's Create*.

The Lowry is one the cultural keystones of the redevelopment of Salford Quays, housing the largest collection of paintings by L.S. Lowry on permanent display in the world. It is a venue that offers the people of Salford, more widely across Greater Manchester, and those visiting the area, the highest quality theatre, opera, dance, music, comedy and visual art – and it is also grounded in its community.

The Lowry is rightly proud of its record of working with people who live nearby, nurturing talent, raising aspirations, providing real routes to employment, and breaking down barriers for new audiences to be inspired by the best in creativity and culture. It is as ambitious and innovative in that work as it is in the performances and exhibitions it stages. Excellence runs like a golden thread through all it does.

Earlier this year, I heard first-hand from one of the young people with whom The Lowry has worked in the past. Jaiden Corfield, who grew up just a stone's throw from The Lowry, said that for many young people in his community, crime was seen as a career path. It was his sister, who was already attending a programme at the Lowry, who suggested Jaiden come with her as an alternative to

wandering around the streets. Taking part in the activities the Lowry offered gave Jaiden a glimpse of an alternative path; now, 10 years on from first walking into the building, he is passionate about how the inspiration he gained through engagement with creativity and culture changed his story. He is now a social entrepreneur who advocates and supports other young Salfordians to recognise and achieve their potential. And he is also a trustee of The Lowry.

Our strategy, *Let's Create*, is the basis for our investment in artists, arts organisations, museums and libraries. It offers a vision grounded in a simple idea: that everyone – regardless of their background, who they are, or where they live – should have access to the very best in creativity and culture.

The money we invest is not ours: it is taxpayers' and National Lottery players' money. And we need to make sure that they reap the benefits of that investment, whether they live in our capital or other big cities, our seaside or market towns, our rural villages or our suburbs, or any of the places we choose to make our home. Investing in this way pays dividends for the public, but also for the creative and cultural sector in our country. It widens the pool of people who are inspired by the work they experience. It brings in new audiences and helps to nurture the talent of the future.

Under *Let's Create*, we are proud to invest in the work of internationally renowned organisations, from the Royal Opera House to the Royal Shakespeare Company, and from Birmingham Royal Ballet to the National Theatre. And we are just as proud to invest in organisations – such as the live music venue Future Yard on the Wirral, Bloomin' Buds Theatre Company in Bradford, literacy charity Grimm & Co in Rotherham, and Southampton-based Opera Up Close - whose names may not yet be widely known, but whose work forms the creative and cultural backbone of countless communities across England. They too bring joy and inspiration to thousands of people

every day; their work is changing places, and lives. Crucially, they are as dedicated to creating and platforming work of vaulting quality and expansive, exciting ambition as their bigger, better-known cousins. They are proof that excellence, aspiration and innovation come in all shapes and sizes.

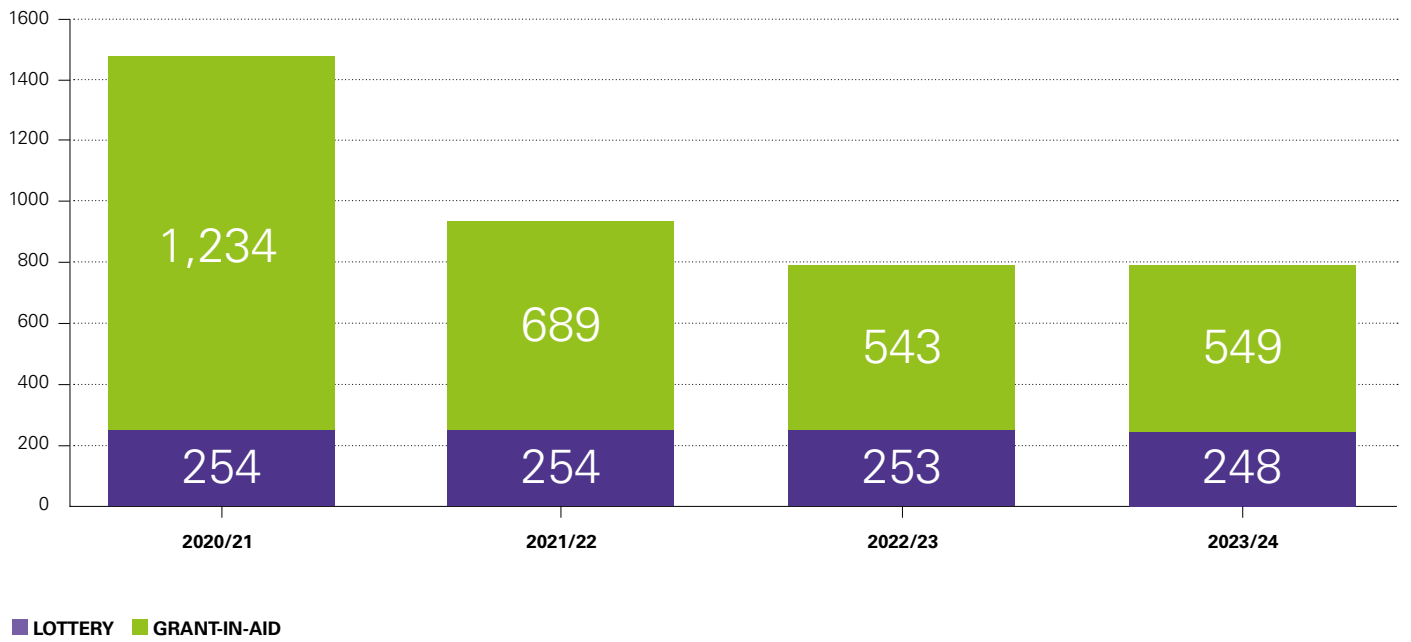
Access to creative activities and cultural experiences makes us happier and healthier. It provides a richness to our lives and, as it did for Jaiden, gives us a glimpse of new concepts, new ideas, and new ways of understanding our world. When we launched *Let's Create* four years ago, I said that our ambition was to be an Arts Council for the whole of England. For those who love opera and those who love jazz; for those who live in small villages and those who live in large cities; for the regular museum goer, or the first-time library borrower. And through the work highlighted in this annual report, I am proud to say that this is something we are achieving every day.

Dr Darren Henley, CBE

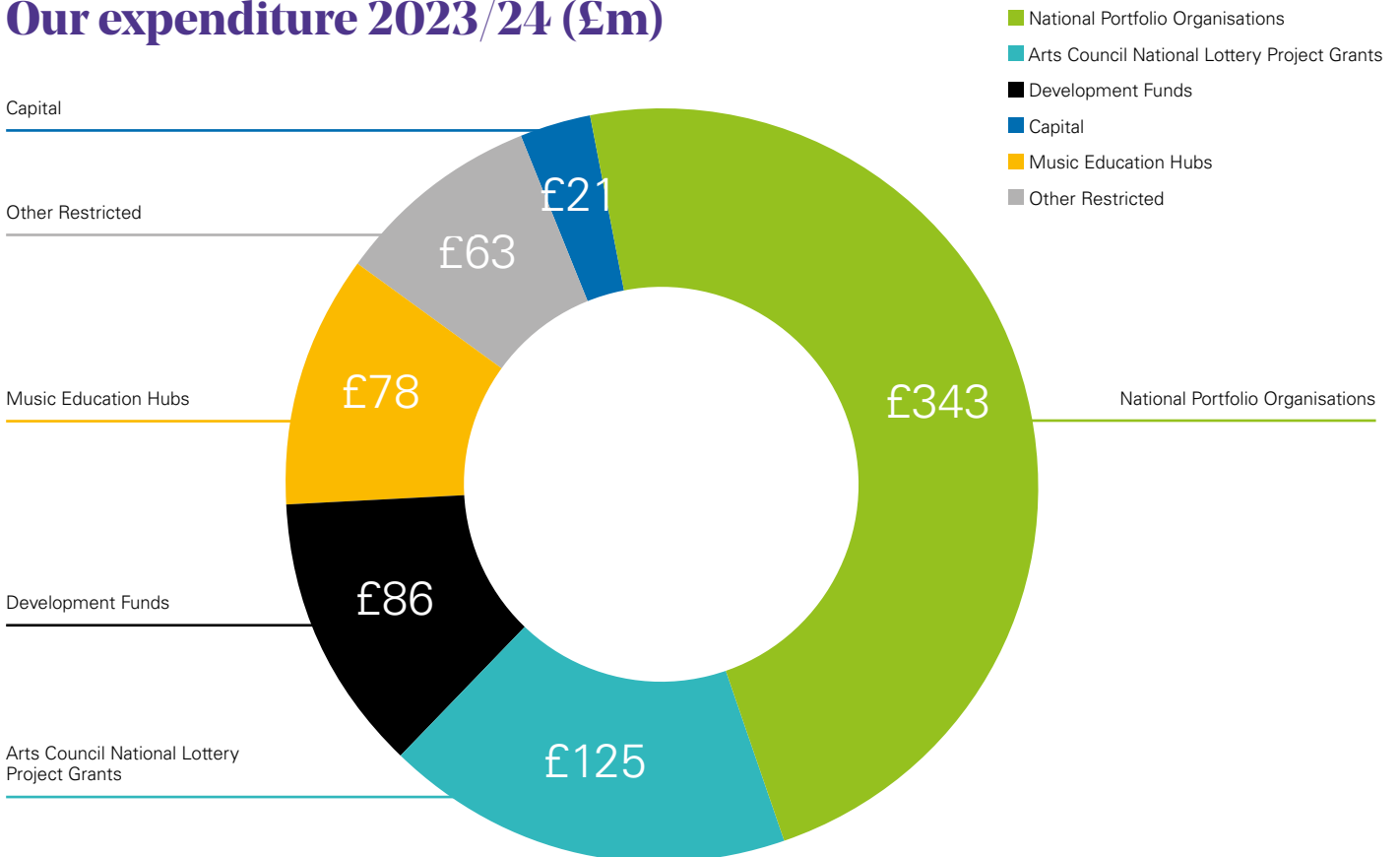
Chief Executive, Arts Council England

Our key numbers for 2023/24

Our total income (£m)

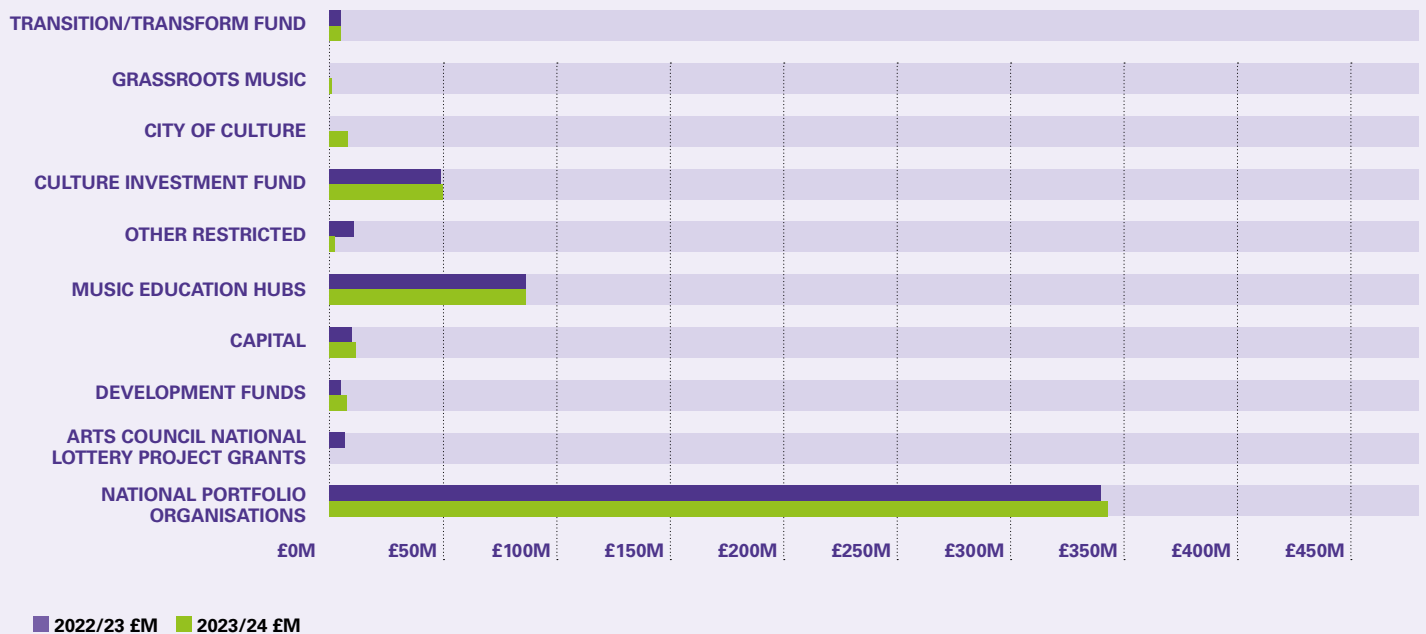


Our expenditure 2023/24 (£m)



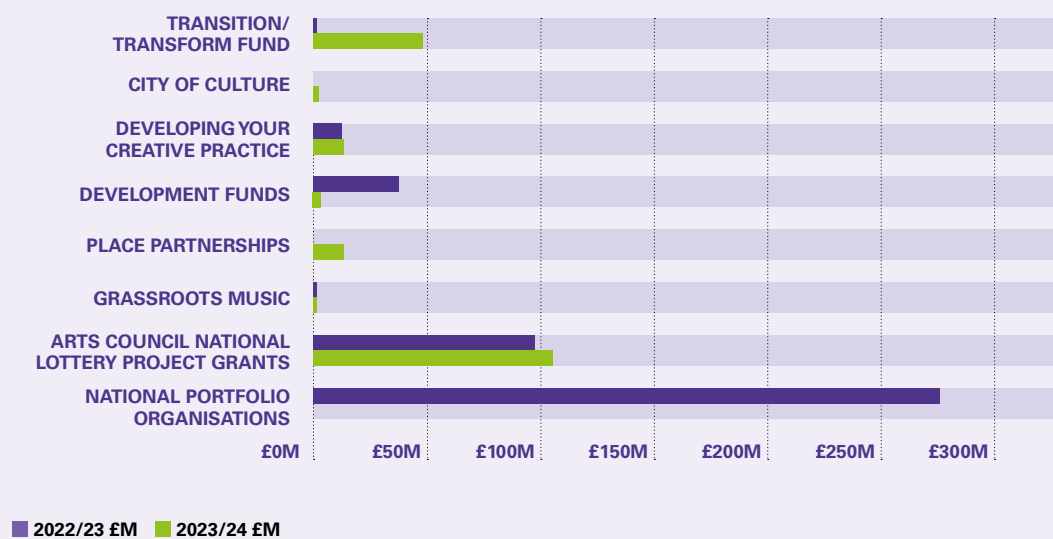
Grant-in-Aid expenditure

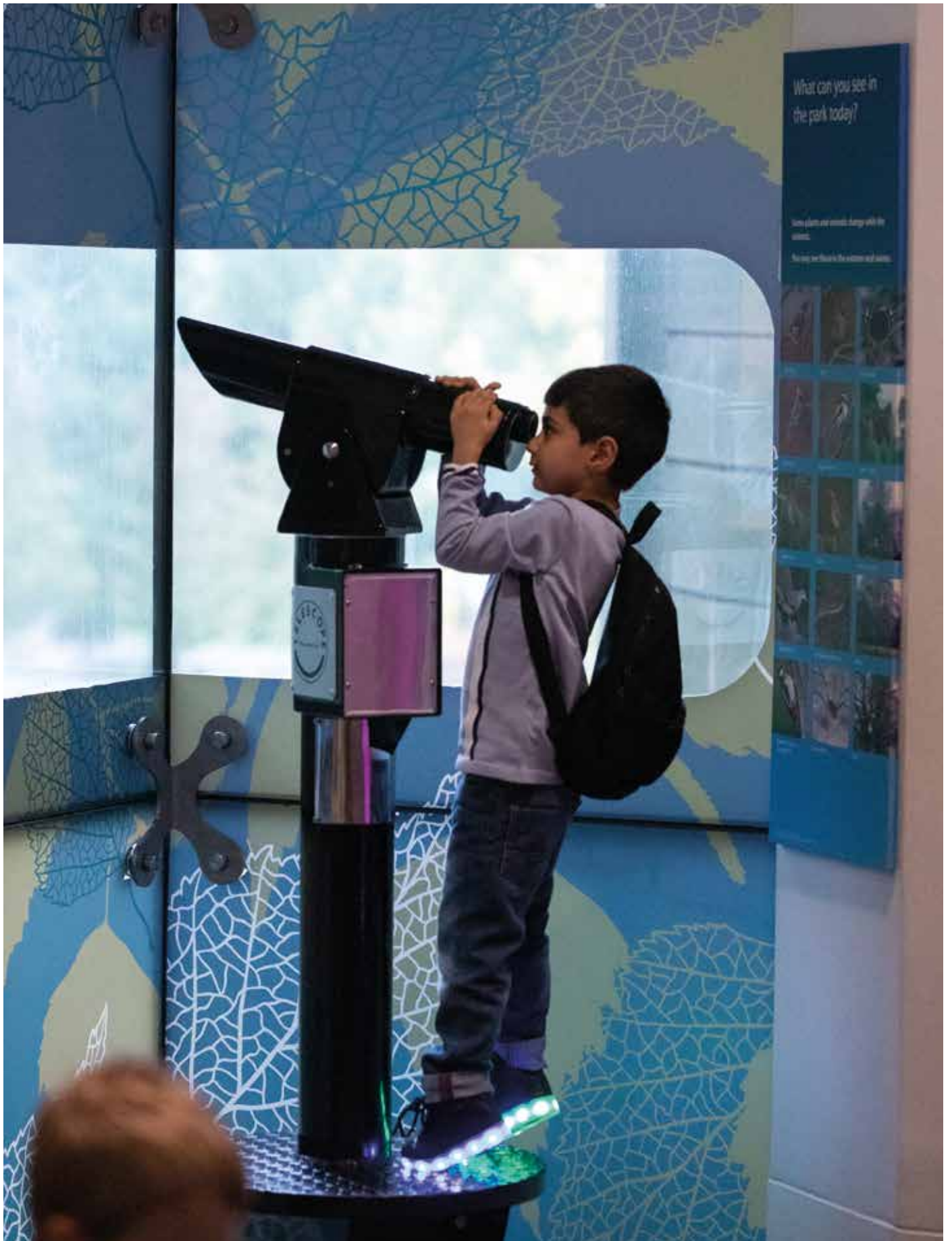
Grants-in-Aid awards made by Arts Council England during 2023/24 were as follows:



Lottery expenditure

Lottery grants made by Arts Council England during 2023/24 were as follows:





Our organisation

HOW WE MAKE THINGS HAPPEN



629

FTE EMPLOYEES

9.8%
Voluntary leaver rate in
2023-24

71%
Staff survey respondents
reporting Arts Council as a
good or one of the best places
to work

80%
of staff survey respondents
reported the work they do is
meaningful to them

Percentage of Disabled/Deaf
staff has increased from **5.6%**
to **13.8%** in the last six years



9

OFFICES

Office utilisation efficiency has
improved from **6.08m²**
to **5.71m²** space per FTE

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

Successfully completed the
relocation of our Newcastle
office to a more efficient,
better quality and greener
office space, delivering
annual savings of £60k pa and
reducing carbon emissions



85

GOVERNANCE BODY MEMBERSHIP

15
National Council
members

5
Area Councils





03.

Performance Report

Performance Overview

This **Performance Overview** outlines our aims, activities and how we performed during the year. It also outlines the key risks to our objectives and signposts where to find information on our future plans.

It is followed by a **Performance Analysis** which highlights progress made towards our strategic outcomes, Government priorities for the Arts Council and our Government-set KPIs.

Objectives

Arts Council England is the national development agency for creativity and culture. In 2020, we set out our 10-year strategic vision in *Let's Create*: by 2030, we want England to be a country in which the creativity of each of us is valued and given the chance to flourish,

and where every one of us has access to a remarkable range of high-quality cultural experiences. We invest public money from the Government and the National Lottery to help support the sector and to deliver this vision.

Further information on our 10-year strategy and how we are structured is available from our [website](#).

As part of *Let's Create*, we established [long-term impact indicators](#) by which we will measure progress against our strategic outcomes. Data to report against these measures is being gathered through the Participation Survey in partnership with the Department for Culture, Media and Sport (DCMS). This survey launched in 2023, and we will have a full year of data in late 2024. This first outturn of data will provide a baseline against the impact indicators, and subsequent years will have comparable data.



Operational Activity and Performance 2023/24

Investment

NUMBER OF GRANT APPLICATIONS PROCESSED

16,541

2023/24
(17,704 in 2022/23)¹

NUMBER OF GRANTS AWARDED

4,875

2023/24
(5,988 in 2022/23)²

TOTAL NUMBER OF ORGANISATIONS IN RECEIPT OF ARTS COUNCIL FUNDING IN 2023/24

2,942

2023/24
(2,635 in 2022/23)³

NUMBER OF NATIONAL PORTFOLIO ORGANISATIONS

985

2023/24

NUMBER OF PROJECTS FUNDED THROUGH NATIONAL LOTTERY PROJECT GRANTS

3,084

2023/24
(2,992 in 2022/23)⁴

NUMBER OF ARTISTS/ CREATIVES WHO RECEIVED DEVELOPING YOUR CREATIVE PRACTICE AWARDS

1,274

2023/24
(1,542 in 2022/23)⁵

¹ Application / funding figures for 2022/23 differ slightly from figures for the same period published in the 2022/23 Annual Report and Accounts due to withdrawn applications or funding agreement changes.

² In 2022/23 we processed applications for the 2023-26 Investment Programme – 2023/24 was the first year of the portfolio. Application / funding figures for 2022/23 differ slightly from figures for the same period published in the 2022/23 Annual Report and Accounts due to withdrawn applications or funding agreement changes.

³ Note: Some organisations received funding across multiple projects in different funding programmes during these funding years.

⁴ Application / funding figures for 2022/23 may differ slightly from figures for the same period published in the 2022/23 Annual Report and Accounts due to withdrawn applications or funding agreement changes.

⁵ Changes made to the programme in 2023/24 to increase the maximum award size to £12,000, increasing the average grant from £9,385 in 2022/23 to £11,416 in 2023/24.

Development

149,325

Number of queries dealt with by Customer Services through calls, emails and live chats (145,088 in 2022/23)

3,175

Number of applicants supported by the Arts Council Access Support team (1,888 in 2022/23)

5,207

Number of Export Licence applications processed (5,559 in 2022/23)

754

Number of indemnities issued through Arts Council administered Government Indemnity Scheme (37,500 items) (731 indemnities and 29,203 items in 2022/23)

41

Number of Acceptance in Lieu and Cultural Gift Scheme Cases (376 objects) (55 applications and 435 objects in 2022/23)

Our Organisation

80%

Percentage of staff based outside London (79% 2022/23)

5.1%

Percentage spent on administration as a percentage of total turnover (5.3% 2022/23)

25%

Reduction in Carbon emissions between 2019/20 and 2022/23

In 2023/24 we continued to deliver our investment programmes and core activity and delivered targeted pieces of work which addressed particular risks and opportunities – for example support for the grassroots music scene, supporting the Department for Culture, Media and Sport (DCMS) to build the case for the retention of tax reliefs, and planning delivery for 2024/25. Despite this, the percentage of our turnover spent on administration dropped from 5.3% (2022/23) to 5.1% (2023/24).

Delivery of Core Programmes

National Portfolio Organisations (NPOs)

2023/24 was the first year of the Arts Council's 2023-26 portfolio, a combined investment of £444 million per year in 985 organisations across the country. National Portfolio Organisations (NPOs) play a vital role in delivering our three strategic outcomes, and the Government's priorities for the Arts Council as demonstrated by some of the examples in our performance report (pages 21 to 43). Embedding the new portfolio in its first year of funding was a significant amount of our work this year, including monitoring our investment's progress and the level of risk in the wake of the prevailing economic environment and sector-wide challenges such as Local Government funding decisions. Alongside NPOs, Investment Principles Support Organisations (IPSOs) play a central role in helping us deliver *Let's Create*. IPSOs are organisations that either embed and progress the Arts Council's four Investment Principles in their own organisation, or support other organisations and individuals to do so. IPSOs are committed to working collaboratively to demonstrate best practice in relation to our Investment Principles and play an important role in realising the vision which *Let's Create* sets out.

Music Hubs

We administer Music Hub funding on behalf of the Department for Education (DfE). Music Hubs have a critical role in delivering high-quality music education for all children and young people in and outside of schools. In addition to our ongoing support to Hubs, including monitoring and reporting on outcomes to the DfE, we launched and ran a competitive investment process for new Hub Lead Organisations for the 2024/25 academic year.

This was the first competitive Hub investment process in around 10 years. It was a complex project which also involved establishing, in consultation with the sector and in partnership with the Department for Education, a smaller set of more Strategic Hub lead organisations. We announced the outcome of the competitive process in May 2024, and we are now working with the successful applicants to ensure a smooth transition to the new model.

National Lottery Project Grants (NLPG)

Throughout the year we delivered funding for creative and cultural projects through our open-access National Lottery Project Grants programme. National Lottery Project Grants is our most popular programme, supporting a broad range of creative and cultural projects. There was a 9.7% increase in demand for project grants in 2023/24: we processed 9,642 applications compared to 8,792 in 2022/23. A total of 3,084 projects were funded, benefitting artists and audiences across the country. These projects are expected to have an estimated audience of over 375 million people across live, digital and streaming events – including some audiences and visitors attending multiple events.

During the year we also revamped our National Lottery Project Grants application process in response to feedback from applicants. We have made it easier to apply for smaller grants, provided more space to enable applicants to tell us about their projects, and produced new bite-sized online resources to support new applicants. We expect these changes to make a considerable difference to individuals and organisations that apply for the National Lottery Project Grants programme.

Delivery of Core Programmes

Developing Your Creative Practice (DYCP)

Our Developing Your Creative Practice programme funds cultural and creative practitioners that want to take time to focus on their creative development. We continue to see very high demand from artists and other creative practitioners for Developing Your Creative Practice grants. In 2023/24 we received 6,304 applications with 1,274 individuals awarded grants awarded from a £14.5 million fund, a success rate of 20.2%.

Culture Investment Fund (CIF)

The Culture Investment Fund is an umbrella name for three programmes which we deliver with the Department for Culture, Media and Sport in partnership with Historic England and the National Lottery Heritage Fund: Cultural Development Fund (CDF); Museum Estate and Development Fund (MEND); and the Libraries Improvement Fund (LIF). It offers capital funding for museums, libraries and cultural and heritage initiatives that are designed to make places more attractive to live, work and visit. Round 3 of the Libraries and Museums Culture Investment Funds were delivered in line with the programme timeline in 2023/24. 69 Museums and Libraries received funding to support improvements to their buildings and other infrastructure:

	Budget	Number of Expressions of Interest	Number of applications	Total funding requested	Number of awards
Museum Estate and Development Fund	£22.6 million	82	43	£39.4 million	26
Libraries Improvement Fund	£10.5 million	102	55	£14.2 million	43

Export Licensing

The Arts Council's Export Licensing Unit issues export licences for cultural goods on behalf of the Secretary of State. We are required by the Department for Culture, Media and Sport to process licences in five days and 99% of qualifying export licences were issued in that period during 2023/24.

Government Indemnity Scheme (GIS)

We received, reviewed, and processed 926 loan-out approval requests from UK national institutions. We conducted 208 security assessments for the Government Indemnity Scheme. In addition, we:

- produced the first 'Checklist of Information Required for National Loans Out'. The document was shared with all national institutions across the UK in 2023/24.
- completed the review and update of all Arts Council Security Guidance documents on the Collections Trust website, ensuring they were provided in accessible formats.

Acceptance in Lieu (AIL)

The Arts Council administers the Acceptance in Lieu scheme (AiL) for Cultural Objects and the Cultural Gift Scheme (CGS), which allows individuals and organisations to transfer important cultural objects to the nation in lieu of tax. 41 Acceptance in Lieu applications were processed in 2023/24 covering 376 objects, including 95 pots by British Potter Richard Batterham which were accepted and allocated across the UK, and the archive of children's book author and illustrator Shirley Hughes. Three Cultural Gift Scheme cases were processed in 2023/24 covering 18 objects, with a further five under consideration.

We continued our development and advocacy work for the sector in 2023/24. Some examples of our advocacy and development work are set out below:

Advocacy and Development Highlights

Levelling Up Place Service (LUPS)

Launched in 2023, the Levelling Up Place support service is a partnership of seven Department for Culture, Media and Sport public bodies being led by Historic England and the Arts Council. It provides advice and practical support to councils and communities, delivering culture-led regeneration projects through the Levelling Up Fund. This is the first time the organisations have come together in this way to support culture regeneration projects. We have signposted resources and tools to towns in receipt of levelling up funds using our expertise in investing in and monitoring large capital projects.

Clore 'Leadership Now' Assemblies

In partnership with [Clore Leadership](#) we delivered a series of 'Leadership Now' assemblies for cultural leaders to explore the complex and rapidly evolving environment. The assemblies were designed to empower leaders to instigate collaborative solutions and foster a more connected, resilient, and thriving cultural leadership.

Tax Reliefs

We worked with the Department for Culture, Media and Sport and sector bodies to secure permanent higher rates of tax reliefs for theatres, orchestras, museums, and galleries. This yielded an additional £1 billion to the creative industries sector.

Grassroots Music

We worked with the Department for Culture, Media and Sport to develop the business case for the two-year extension to the Grassroots Live Music Fund. An additional £5 million for grassroots music was secured, extending critical support to the grassroots music sector. The grassroots music sector is a key talent pipeline for our music industry which is facing a combination of inflationary cost pressures and declining revenues with squeezed audiences' income.

Local Government funding

We have been gathering and monitoring data on the National Portfolio's vulnerability to reductions in Local Government funding and highlighting to central Government the risks to the sector.

We also meet regularly with a set of Local Government stakeholders to discuss the challenges and how we can work in partnership to address them.



Our organisation

Staff: As a national development agency, the knowledge and expertise of our staff are our greatest asset. Staff costs form a significant proportion of our operating costs, and our staff numbers have increased marginally during 2023/24 (see Staff Report on [page 83](#)). We commissioned an independent review of inclusion and belonging at the Arts Council and published the report in September 2023. The review recognised the high bar we're setting ourselves and that several of our practices are leading across comparable organisations within and beyond the sector. It also highlights some areas where we have work to do. We have been working over the year to implement the findings of the independent inclusion review and aim to deliver the recommendations by Spring 2025.

Environment: Our vision is to place environmental responsibility at the heart of all we do. We updated our Environmental Responsibility Action Plan for 2024/25, which you can read more about on [page 52](#).

Data: We are transforming the Arts Council into a digitally enabled, user focused, and inclusive development agency which will help us deliver our strategic aims set out in *Let's Create*. This year saw two cornerstone projects, which underpin our ability to assess our progress with *Let's Create*, go into field:

- In partnership with the Department for Culture, Media and Sport, the Participation Survey questioned adults about participation and engagement with arts and culture down to a local authority level. The first results will be published in Autumn 2024. In addition, a Children and Young People's version of the Participation Survey was procured, with fieldwork starting in 2024/25 and a proposed completion date of March 2025.

- The Cultural Freelancers Survey looked to map the self-employed and freelance workforce and gather insight on the practicalities of working within the sector. You can read more about the Cultural Freelancers Survey on [page 24](#).

In June 2023 we launched Illuminate, our new audience data and insights tool. To date, almost 64,000 events and activities funded by the Arts Council have been reported in Illuminate, as well as over 230,000 survey responses⁶. Illuminate is a free tool for cultural organisations to record their audience data and benchmark against regional and sector datasets. Organisations can analyse their data, understand who their audiences are, and see how to grow their audiences.

Key Risks and Future Uncertainties

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

Fragility within our sector

A buoyant and thriving sector with dynamic and resilient creatives, arts organisations, museums and libraries is vital to achieving our strategic outcomes. Yet there are a number of pressures on the sector that we are working with the sector and the Government to address, including:

- uncertainty around Local Authority funding
- the impact of inflation on running costs
- talent leaving the sector
- changes to philanthropic behaviour in the current economic climate
- the ongoing impact of the pandemic on audiences

⁶ Events and activities include events that are delivered over multiple days or months, and activities delivered in one session.

We maintain close contact with stakeholders in working to mitigate these issues, such as monitoring financial risks with individual National Portfolio Organisations, collecting data to understand trends, reprofiling grants where appropriate and working with central government to communicate the importance of a healthy and well-supported sector.

General Election and Reviews of the Arts Council

We are committed to engaging positively with any upcoming reviews of the Arts Council that take place, as well as supporting any changes arising from the General Election. Both could affect both our priorities as an organisation, and initiate changes to the way the Arts Council operates. We also recognise that these present an opportunity for us to demonstrate the intrinsic value of arts and culture, as well as the significant contribution that the sector makes to our society, individual wellbeing, and the economy.

Uncertainties around our Grant-in-Aid and Lottery income

Our current settlement from Government runs up until 31 March 2025. It is expected that there will be a spending review later in the year which will determine public funding allocations for the Arts Council and other public bodies from April 2025. National Lottery operations switched to Allwyn in February 2024. Allwyn are proceeding with their investment programme in new technology and products. There is a reasonable expectation, based on their winning bid, that this will lead to increased ticket sales.

Further detail on the processes and governance structures we use to manage risk can be found on [page 68](#).

Future plans

Our plans for 2024/25 include focusing on our core work, additional actions aligned to *Let's Create* including improving our effectiveness as a development agency, and addressing specific opportunities and risks facing our sector.



Our investments

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

We invest in organisations through five key funding programmes: the 2023-26 Investment Programme; Arts Council National Lottery Project Grants; Developing Your Creative Practice; Capital funds; and Music Hubs.

The organisations we invested the most funding in 2023/24 were⁷:

	Name of organisation	Arts Council Area	2023/24 received
1	The Royal Ballet and Opera (formally Royal Opera House)	London	£20.4 million
2	National Theatre	London	£16.2 million
3	Royal Shakespeare Company	Midlands	£16 million
4	Southbank Centre	London	£15.4 million
5	Bradford Culture Company Ltd (delivering Bradford City of Culture)	North	£14.1 million
6	Manchester International Festival and Factory International	North	£11.9 million
7	Opera North	North	£11.6 million
8	English National Opera	London	£11.3 million
9	The National Foundation for Youth Music	London	£9.7 million
10	Sadler's Wells	London	£8.4 million
11	Birmingham Royal Ballet	Midlands	£8 million
12	Tyne & Wear Archives & Museums (including Discovery Museum)	North	£6.6 million
13	Welsh National Opera	South West	£6.4 million
14	BookTrust	North	£6.4 million
15	English National Ballet	London	£6 million
16	Bolton Music Service (Music Hubs funding: Greater Manchester consortia lead organisation)	North	£3.8 million
17	Northern Ballet Limited	North	£3.8 million
18	North Music Trust	North	£3.8 million
19	Royal Liverpool Philharmonic	North	£3.4 million
20	Norfolk Museums Service	South East	£3.1 million

⁷ This list shows the top 20 organisations receiving the most funding in 2023/24 across multiple projects. Note: where late payments for NPO 2022/23 extension projects were made in April 2023 for the 2018-22 NPO programme, these are not included in the figures. Organisations highlighted are part of the National Portfolio investment programme 2023-26.

Performance Analysis

Let's Create is built around three Outcomes which guide us to achieve our vision:

A Creative & Cultural Country

Cultural Communities

Creative People

This performance report highlights our work in 2023/24 and our investments which are contributing towards our strategic outcomes and Government priorities.

A CREATIVE & CULTURAL COUNTRY
England's cultural sector is innovative, collaborative and international

All of our work to deliver *Let's Create* in 2023/24 was built on our £444 million investment in a group of 985 National Portfolio Organisations (NPOs). They have delivered an exciting, ambitious and high-quality programme of productions, shows, events and publications that has made a difference, and is continuing to make a difference, to the lives of people across the country. Highlights of 2023/24 included:

- Sheffield Theatre's multiple award-winning production, **Standing at the Sky's Edge**, which transferred to the West End following sold-out runs at the National Theatre
- The Serpentine Gallery's presentation of the world premiere of Steve McQueen's film, **Grenfell**
- The Royal Ballet and Opera (formally The Royal Opera House)'s Kaija Saariaho's **Innocence** which received the Tait Award for Best New Opera Production at the 2024 Olivier Awards
- London Philharmonic Orchestra's and English National Opera Chorus' recording of Tippett's **The Midsummer Marriage**

which won Gramophone Magazine's 2023 Opera Award

- The **Garden Museum's** exhibition of the work of Antiguan artist, writer and environmentalist, Frank Walter, which is shortlisted for the Museums + Heritage Awards
- Ballet Black's **NINA: By Whatever Means** for which Isabela Coracy won the 2024 Olivier Award for Outstanding Achievement in Dance, and choreographer Mthuthuzeli November the 2023 Black British Theatre Award for Best Choreographer
- BookTrust's **Storytime** programme in partnership with CBeebies which takes place in over 2,500 libraries and promotes children's reading and sharing stories in areas of high deprivation
- The **Manchester International Festival** which returned in 2023, and for the first time took place at its new home at Aviva Studios. It welcomed over 350,000 visitors and attracted media attention from 140 outlets across the globe

Case study: Aviva Studios

The newly opened Aviva Studios is a landmark cultural space for Manchester and is the largest cultural project in England since the Tate Modern opened in 2000. Led by Manchester City Council with investment by the UK Government and the Arts Council through the National Lottery, the multi-use space will be used for intimate theatre shows and exhibitions, as well as huge multimedia performances and warehouse-scale concerts. It is also the new home for Factory International – the powerhouse behind the celebrated Manchester International Festival. Their Factory Academy also provides free training courses for young people wanting a career in the creative and cultural sector.

The venue, built on the site of the former Granada Television studios, forms the

cornerstone of the city's ambitions to develop the new St John's neighbourhood. It is predicted to add £1.1 billion to the regional economy in the next ten years and support around 1,500 jobs.

"Aviva Studios will create and support a great many jobs and add to the vibrancy which makes Manchester such an exciting city." – Cllr Bev Craig, Leader of Manchester City Council

In 2023/24, we supported our sector to develop a wider range of international partnerships

We know that international collaboration is essential to the development of creativity and culture in this country, and many of our National Portfolio Organisations work regularly overseas. Matthew Bourne's **New Adventures**, for instance, tours to more UK and international venues and gives more performances each year than any other UK dance company. It is British dance's biggest export and regularly tours to Asia and the USA.

Through our Developing Your Creative Practice programme, we supported 377 artists to seek partnerships and networks overseas with awards totalling £4,363,792. More than four out of ten of these awards were for activity in Europe.

As part of our work as a development agency, we worked with the British Council in Europe through partnerships in dance with Italy, and in visual arts with France. We invested £200,000 in UK-Germany partnerships in the third year of the **Cultural Bridge programme**. This collaboration between Arts Council England, the Arts Council of Northern Ireland, British Council, Creative Scotland, Fonds Soziokultur, Goethe-Institut London and Wales Arts International/Arts Council of Wales celebrates bilateral artistic partnerships between the UK and Germany. In February 2024 the Cultural Bridge programme announced [20 new partnership awards](#) for UK and Germany-

based organisations, including **ACCA** (Leeds) and **Vier.D** (Dortmund) who will continue their collaboration building on delivery of Femxle Spaces in 2023. Femxle Spaces is an intergenerational performance project by women from the twin cities of Leeds and Dortmund who reflected on their struggles and visions for the future. The cities share a similar history of industrial boom, decline and subsequent structural change that has shaped their urban lives:

"Through this exchange we have extended our network, our knowledge and our community reach. And more importantly, the Cultural Bridge grant gave us, two small organisations with social-cultural ventures, the confidence and credibility that we belong."

– Cultural Bridge Round 2 grantee

Working with Creative Scotland, Arts Council of Northern Ireland and Arts Council of Wales, we ran a second round of the Four Nations International Collaboration fund, investing in partnership building across the UK and internationally. Over the two rounds we have supported 77 projects worth over half a million pounds, involving 108 international partners in nearly 50 countries.

Through the International Touring and Environmental Responsibility partnership with Denmark, we invested in a collaborative project between **Aarhus Festival, Pavilion Dance South West, Askonas Holt** and **Bora Bora** to establish a 'Deep Touring' model for Dance. The group seed-funded two commissions, one of which – a piece by **Lila Dance** – went on to receive a £69,882 National Lottery Project Grant to pilot the new sustainable model and lead a sector talk on it at Aarhus festival, marking a step change in Lila's career as a dance practitioner.

Our investment allows us to bring world-class international culture to audiences in England and connect diaspora communities through culture. In 2023/24 we showcased world-class culture through **South by Southwest (SXSW)**, **Horizon** (Edinburgh), **Venice**

disability pavilion Trailer, and **Caravan** (Brighton). We supported Liverpool to host the 2023 **Eurovision Song Contest** and the **International Society for the Performing Arts (ISPA) 2023 Congress** in Manchester, and we worked in partnership with European Cultural institutes and funders abroad in collaborations including Newcastle and **Straslund Youth Dance Project**.

In 2023/24, we supported our sector to innovate by developing the use of new technologies

In the first year of the 2023-26 Investment Programme, we encouraged National Portfolio Organisations and Investment Principles Support Organisations to collaborate with the commercial creative industries and each other to embrace innovation, create new forms of cultural content, and experiment with ways of reaching new people in more parts of the country.

In 2023/24, as part of a major new investment in creative experimentation with new, immersive technologies, we invested £1.5 million in the **XRtists** programme. XRtists is a three-year, £6.5 million creative research and development innovation programme, run in partnership with the Arts and Humanities Research Council (AHRC), Arts Council Wales, Creative Scotland and Arts Council Northern Ireland. XRtists strengthens the UK creative immersive industries by creating a pipeline of 200+ funding opportunities to support organisations and individuals, providing access to creative technology, supporting knowledge exchange and mentoring, distributing between academic/creative industries/arts and culture sectors, and supporting collaboration and ecology building across all UK regions.

The Southbank Centre, Factory International, Midlands Arts Centre and STEAMhouse collaborated on **REFRAME**, a groundbreaking partnership to support Black creatives in the UK. The ambitious career acceleration programme was supported by Apple as part of its global Racial Equity and Justice Initiative

and brought together a cohort of 80 emerging Black creatives aged 18-30 to make the art of the future.

Arts Council's **Digital Culture Network (DCN)** continued to increase the digital literacy of the arts and culture sector, providing free and practical support and supporting it to create new forms of cultural content and ways of reaching people. The Digital Culture Network delivered more one-to-one consultancy sessions and saw more webinar attendees than ever before in 2023/24, with 2,025 engagements compared to 813 in the previous year.

In 2023, the Digital Culture Network Awards recognised the best in digital transformation, digital engagement, and use of technology in creativity and culture. They received over 200 entries from 166 organisations and individuals across the country. You can read more about the Awards [here](#).

In 2023/24, we supported our sector to continue developing diverse talent from every community

We focused on giving more opportunities to people to start – and sustain – a professional career in the creative industries, especially those who are currently under-represented.

Case study: The Royal Ballet and Opera

The Royal Ballet and Opera (formally Royal Opera House)'s Outreach programmes reached 53,000 young people and 1,500 teachers across the country in 2023/24.

The Royal Ballet and Opera's 'Create and Sing' programme provides creative learning resources to teachers, including classroom-based lesson plans and digital activities focused on the curriculum. It brought together 1,000 school children in Newcastle for a celebration of their journey into opera through the Create & Sing programme, and was featured on BBC News after schools from the David Ross Education Trust staged their own version of Hansel & Gretel at the Core Theatre in Corby.

The Royal Ballet and Opera also ran the 'Chance to Dance' programme in 2023/24, which gave primary school children from across the country the opportunity to take part in ballet activities. Over 250 children from schools across West Yorkshire came together for the launch of Chance to Dance in Bradford with a special, interactive performance by The Royal Ballet at Bradford's Alhambra Theatre. This was most of the children's first introduction to ballet and was led by Principal Character Artist and proud Bradfordian, Tom Whitehead. It was widely covered in the press and kickstarted conversations around how important these events are in widening access to ballet and inspiring children to take part in ballet.

To further strengthen the sector, our Investment Principles Support Organisations are delivering skills development support and our National Portfolio Organisations, such as **Access All Areas**, have created and helped sustain careers in the creative industries for emerging leaders. Access All Areas' Transforming Leadership programme for learning disabled and autistic leaders is the first of its kind and has seen its graduates employed across all aspects of theatre making.

This year we have conducted extensive research to better enable us to support individuals. This included the Cultural Freelancers Study, delivered by the University of Essex, which comprised a literature review, a survey, and a series of detailed focus groups and 1:1 interviews. We received over 4,000 responses to the survey and 200 freelancers took part in the interviews and focus groups, giving us a comprehensive understanding of the current context for practitioners across all our supported artforms and disciplines. We will use the findings from the study to inform our thinking for our future work and support for individuals.

More than **4,000** individuals took part in our Cultural Freelancers Study

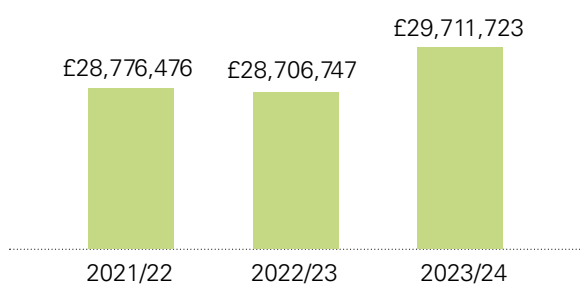
Alongside the Cultural Freelancers Study, we commissioned research from Night Time Economy Solutions to compile available resources to support practitioners to keep safe while working in the sector. We also commissioned Dr Julia Puebla-Fortier to compile resources intended to support the wellbeing of practitioners working in creative health and criminal justice settings. The resources are available on our website [here](#).

Contributing to our role as a development agency, we published our new [Consulting with Creative and Cultural Practitioners](#) policy to share our approach with the sector. This

policy was developed to help freelancers' voices to be heard in the Arts Council's policy development. It sets out how Arts Council staff should work with practitioners on Arts Council projects and is intended to help practitioners and staff alike to understand our expectations and processes when working together.

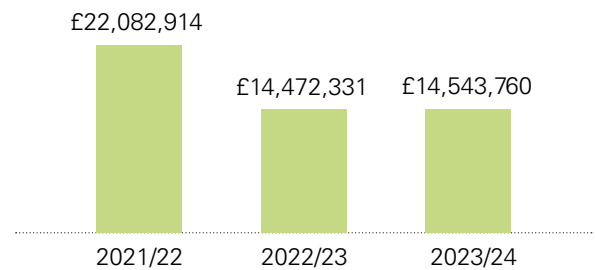
Alongside our development work for individuals, we have continued to invest in individual practitioners through National Lottery Project Grants and Developing your Creative Practice. This year, 39% of our National Lottery Project Grants (1,204 out of 3,084 awards) were made to individuals, totalling £29,711,723.

NLPG: AMOUNT AWARDED TO INDIVIDUALS



Developing your Creative Practice continues to support individual practitioners at pivotal moments in their practice development. The programme allows us to make small-scale but meaningful investments for a diverse array of creatives working across all the disciplines we support. Every project we support is unique to the needs of the individual applying, at the right moment for them. £14,543,760 was awarded to 1,274 individual practitioners through our Developing Your Creative Practice programme this year. In 2023 we made changes to the programme to increase the amount of money that applicants could apply for, increasing the average grant from £9,385 in 2022/23 to £11,416 in 2023/24.

DYCP: AMOUNT AWARDED



Case study: Developing Your Creative Practice recipient Jeremiah Brown

In 2023, Jeremiah Brown, a poet and photographer based in Croydon, was supported to further his work in creatively archiving and drawing on the stories of Caribbean elders by developing his practice to incorporate augmented reality. After making a successful theatre show based around interviews with his grandmother and becoming increasingly focused on archiving elders' stories, Jeremiah is now creating 'LIKKLE ArchiveXR', a storytelling experience in which artists will creatively archive the stories of Caribbean elders in augmented reality (AR).

"I want to develop the skills to be able to utilise technology to make my community feel seen in an exciting new way. I love the digital permanence of AR and feel now is the time to move my practice in this new direction." –

Jeremiah Brown

His Developing Your Creative Practice grant of £11,491 will support him to undertake training in new software skills, to devote time to working up this new piece, and to collaborate with artists and project participants in a new way.

In 2023/24, we offered 30 Place Partnership grants to support skills development in the sector. This includes the **Mercury Theatre** in Colchester, which received a £360,000 grant for a mentoring and professional development programme delivered across Essex. It breaks down barriers to successful careers in the creative industries and offers skills and professional support to build a local, resilient creative workforce.

30 Place Partnership grants supporting skills development this year

In 2023/24, we supported our sector to become more environmentally responsible

In 2023/24 we continued to support organisations and individuals in the creative and cultural sector to take action and meet the challenges of the climate and nature crises. We are committed to improving our environmental sustainability profile as one of our Government Priorities this year, in the work we do both internally and externally within the sector. We worked with Julie's Bicycle to deliver an ambitious Environmental Programme for National Portfolio Organisations, Investment Principles Support Organisations and the wider creative and cultural sector, and published free-to-access training, resources and tools to support environmental action. You can read more about our work in this area in the Sustainability Report section of this report on [page 46](#).

We support organisations to embed environmental thinking in everything they do and are committed to funding those we invest in to embrace innovation – including in ways of working, designing, creating and building. Through National Lottery Project Grants, we funded a project to explore whether mycelium, a material made from the root network of fungi, can be used to construct sustainable temporary structures at festivals. The spiralling **Hayes Pavilion** was created at Glastonbury festival, led by Silver Hayes' Team Love and

designed by Simon Carroll from Temple Design Studio in association with Big Team CIC, Glastonbury Festival and manufacturer, Biohm & Grown Bio. It challenged the industry's over-reliance on polystyrene foam and sparked conversation around using more sustainable material for the elaborate sets at festivals like Glastonbury.

We supported more artists and organisations to engage with climate in the work that they create, programme and support. For example, Guardians Worldwide's **Treemoot International Storytelling Festival** in South London is a unique outdoor experience supported by a National Lottery Project Grant. Artist Nic Salazar Sutil, along with seven guest artists, members of the public, and children from nearby forest schools, came together to celebrate the legacy of minority groups who have protected woodland in London.

Case study: Open Eye Gallery's LOOK Climate Lab

LOOK Climate Lab is a biennial programme which explores how photography can be a powerful tool for talking about climate change. Led by National Portfolio Organisation Open Eye Gallery in Liverpool, the project brought people together to explore the complexities of human-nature relationships and make positive changes to live more sustainable and connected lives. It showed how creativity can empower and inspire positive action on lowering carbon and caring for the natural environment.

As well as Climate Labs, showcases and exhibitions at Open Eye Gallery and in Ellesmere Port, LOOK Climate Lab commissioned work in Ukraine, Rwanda and Zambia. It connected school students and members of the community, and partnered with organisations such as Gaia Foundation, the Royal Horticultural Society, the Tree Council, Impressions Gallery, the University of Salford Art Collection and Energy House 2.0, Liverpool ONE, Wigan Borough Council and Mersey Forest.

CULTURAL COMMUNITIES

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

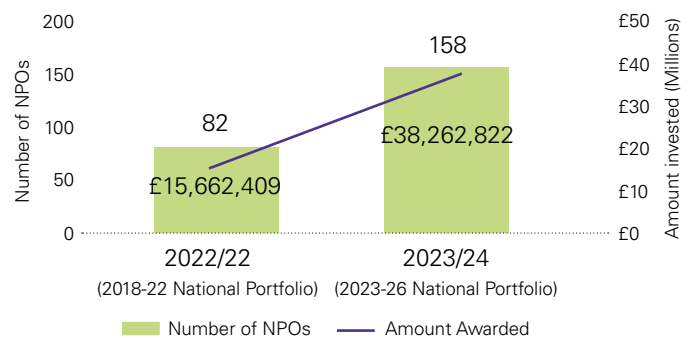
2023/24 was the first year of our new Investment Programme, with National Portfolio Organisations and Investment Principles Support Organisations making a difference in reaching new people in more parts of the country: improving lives, regenerating neighbourhoods, supporting local economies and bringing people together.

We believe that culture, and the experiences it offers, can have a deep and lasting effect on places and the people who live in them. That's why in our 2021-24 Delivery Plan, we identified 54 [Priority Places](#) in England where our investment and engagement has historically been too low, and the opportunity for us to effectively increase investment and engagement is high. In each Priority Place, we work with local stakeholders, setting bespoke objectives and increasing our staff time and investment across a range of funds. In 2023/24, 12.6% of our total investment was made in our Priority Places (£101.9 million).

£101.9 million invested in Priority Places in 2023/24

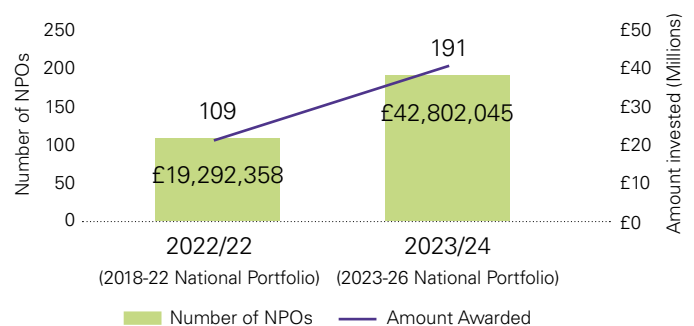
Building strong partnerships and increasing opportunities across the country was one of our 2023/24 Government priorities. In 2023/24, the first year of our new Investment Programme, we increased the number of National Portfolio Organisations based in Priority Places by 92.7% in comparison to the previous portfolio, meaning there are now 158 National Portfolio Organisations in Priority Places.

NUMBER OF NPOs IN PRIORITY PLACES WITH INVESTMENT



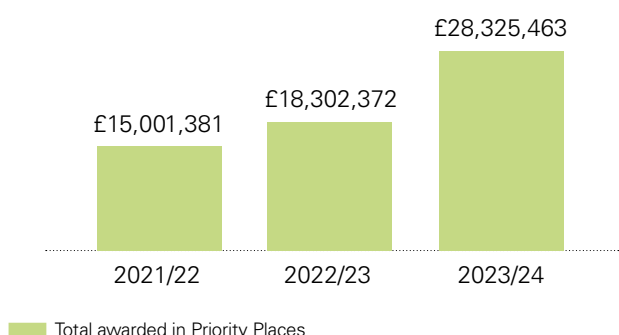
As part of our development agency role, we worked with the Department for Culture, Media and Sport to identify 109 local authority areas, all outside of Greater London, which are called [Levelling Up for Culture Places](#) (LUCPs). The 109 Levelling Up for Culture Places include all of the Arts Council's 54 Priority Places outside of Greater London. Through the 2023-26 Portfolio, Levelling Up for Culture Places will receive nearly £130 million over 3 years – representing an increase of 95%.

NUMBER OF NPOS IN LEVELLING UP FOR CULTURE PLACES WITH INVESTMENT



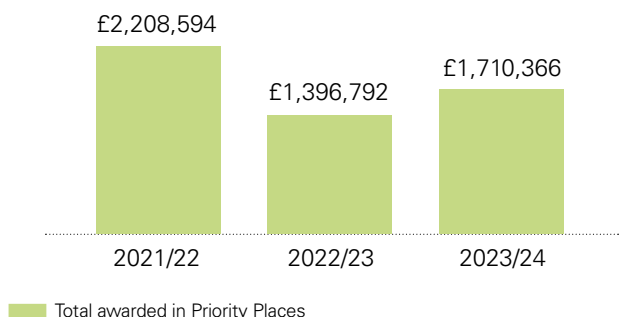
This year also saw an increase in investment through National Lottery Project Grants and Developing Your Creative Practice in Priority Places. The total amount invested through National Lottery Project Grants in Priority Places in 2023/24 increased by 54.8% to £28,325,463 in 2023/24, bringing the percentage of total National Lottery Project Grants awarded to Priority Places to nearly a quarter (22.6%) of all National Lottery Project Grants investment in 2023/24.

TOTAL AMOUNT INVESTED IN PRIORITY PLACES THROUGH NLPG



Developing Your Creative Practice investment in Priority Places in 2023/24 also increased to £1,710,366, a 22.4% increase from the previous year.⁸

TOTAL AMOUNT INVESTED IN PRIORITY PLACES THROUGH DYCP



Spotlight on Medway

Medway in Kent is one of the 54 Priority Places we identified in 2021. We are proud to say that six arts organisations based in Medway are now part of our latest National Portfolio, compared to just one in 2018. Medway is also home to Ideas Test – one of 38 Creative People and Places projects we invest in across England that help local people shape the creative activities they want to take place in their communities.

We awarded £405,813 Place Partnership Funding to Medway Council to transform how the creative and health sectors work with communities, to make creativity central to wellbeing and preventative health interventions across Medway. The project will focus particularly on areas of high health inequalities in both Brompton and Luton in Kent. Our investment in Medway also includes investment from Levelling Up Funds and £3.5 million for the Docking Station project next to Chatham Historic Dockyard from the Department for Culture, Media and Sport’s Cultural Development Fund. The project will become a focal point for creative activity in Medway, with an immersive digital studio space, gallery and exhibition spaces, teaching areas and facilities to support start-up enterprises. We have also supported the area’s strategic approach to redevelopment by investing in the Creative Medway Compact and Medway Council’s plans for creative and cultural quarters.



⁸ 2021/22 was an exceptional year, with an extra £7.5 million invested into the Developing Your Creative Practice programme to support creative and cultural practitioners in the pandemic.

Spotlight on the Isles of Scilly

We have invested over £1 million in another of our Priority Places, the **Isles of Scilly**, since 2021. An award of £750,000 from the Arts Council's Capital Investment Programme has helped lever over £15 million of match funding to deliver a new cultural centre and museum. The world-class space is set to open in 2026 and will enable access to high-quality cultural experiences for many generations to come. Children and young people have played a key role in the development of these plans, leading OFSTED to comment on the "remarkable range of cultural experiences for pupils" and "powerful sense of community" in local schools, education settings, and the area. While funding appears relatively high for a population of 2,541 residents, the outcomes are sure to reach a larger audience through tourism – a local industry which was previously in decline. By attracting talent to the islands – such as multi-disciplinary artist Luke Jerram whose permanent moon sculpture *Luna* delighted the public at St Martin's Observatory – we expect to boost the local economy and leave a long-term legacy of cultural engagement.

Our development work and investment in cultural activities, arts organisations, museums and libraries has made a difference – particularly in our Priority Places and with under-represented groups

We have awarded £10.5 million to Library Services through the Libraries Improvement Fund (LIF) – part of the Government's Cultural Investment Fund. It has helped us make a big difference to communities by funding projects to improve library buildings and technology. One example is Newcastle Library using their almost £400,000 award to turn a disused part of the Walker Activity Dome into a new reading space.

Our national funding programme, Creative People and Places (CPP), means that people living in places that have lower levels of engagement with creativity and culture have more opportunities to take part. It funds partners in local areas so residents can decide the kind of creative activity they want to experience on their doorstep. CPP has had a huge impact on the lives of people of all ages across England. To provide security and stability for current projects, we announced an extension to the 2022-25 CPP National Portfolio for one year, to the end of March 2026.

Over 10 years we have invested **£108 million** in Creative People and Places

In 2023/24, we continued funding 38 Creative People and Places projects. This year, these covered 55 Local Authorities – including 33 Levelling Up for Culture Places, and 32 Priority Places – as part of our National Portfolio. Since 2012 we have invested over £108 million in the programme, and over the last 10 years (to March 2023), 8,800 cultural experiences were delivered, with people taking part over 13 million times. In July, 20 of the programmes visited the Houses of Parliament to meet MPs representing around 40 constituencies. We also shared a short celebratory [film](#), which centres the voices of participants in the programme.

Case study: Strong Women of St Helens – Heart of Glass & Carrie Reichardt

In 2023, Merseyside-based community arts organisation and one of our Creative People and Places projects, **Heart of Glass**, worked with ceramic artist Carrie Reichardt. Communities of women across St Helens came together through ceramics workshops with Reichardt to collect stories of the strong women of St Helens – public figures and private heroes.

Families were encouraged to tell their own stories, and together, the women of St Helens worked with Reichardt to create a series of individual tiles that formed a large public mural on the side of the 'Connie Club', a female-run community space. The project captured the interest and imagination of the community who formed strong emotional connections to it. Since then, the project has secured further investment to expand across Knowsley.

We continued to support English museums to apply for funding to tackle maintenance backlogs and improve vital infrastructure work they otherwise would not be able to afford. One way we do that is through the Museum Estate and Development Fund which we deliver in partnership with the Department for Culture, Media and Sport. The capital fund is open to applications from all Accredited museums – that are not directly funded by the UK Government in England. In March 2024 the successful applicants for the fund's third round were announced, with a total of £22.6 million shared among 26 museums.

We awarded **£26.2 million** to 26 museums through the Museum Estate and Development Fund

It included nearly £500,000 for the **Dinosaur Isle Museum** on the Isle of Wight. The museum houses an internationally important collection of dinosaur skeletons and bones and boasts the country's second largest number after the Natural History Museum. The funds are being used to repair Dinosaur Isle's roof and improve its environment and lighting.

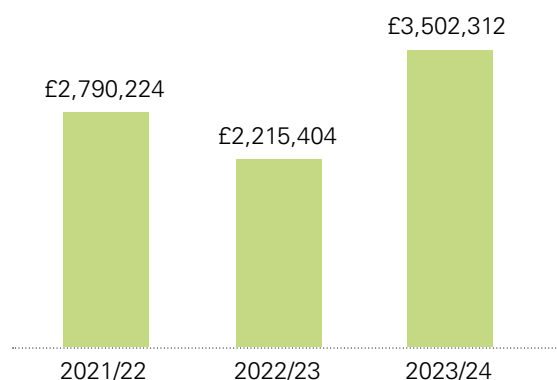
Improving the delivery of our funding programmes

Our National Lottery Project Grants programme is always open for applications, and in 2023 we made changes to the process to continue to support a broad range of arts, museums and libraries projects. We created new online resources, changed our website to make applying more straightforward, and gave people more space on application forms to allow them to describe projects in their own way.

£5.2 million awarded to Museums and Libraries through National Lottery Project Grants

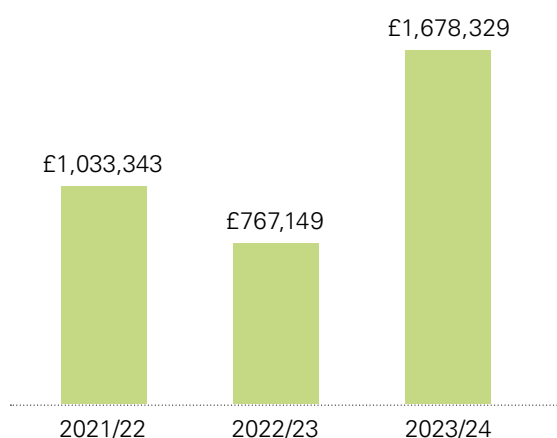
Two areas in particular that we saw significant increases in National Lottery Project Grants in 2023/24 were museums and libraries, with 45 grants awarded to museums totalling £3.5 million. This was a 58.1% increase on 2022/23, and we received 59.1% more applications to this programme for museum projects compared to last year.

NLPG: AMOUNT AWARDED FOR MUSEUM PROJECTS



In 2023/24, we also saw an increase in application numbers, number of successful applications, and the success rate for libraries applying to our National Lottery Project Grants fund. We invested £1.7 million into 25 library projects in 2023/24 – a 118.8% increase compared to 2022/23.

NLPG: AMOUNT AWARDED FOR LIBRARY PROJECTS



Bringing ambitious, innovative and excellent culture to everyone in 2023/24

Touring work of all disciplines is an important way in which the Arts Council achieves its goal of widening access and bringing high-quality culture to everyone. The total investment for touring through National Lottery Project Grants in 2023/24 was £11.6 million.

Case study: Royal Shakespeare Company

A Touring grant of £1.3 million has enabled the Royal Shakespeare Company (RSC) to deliver a transformative three-year touring programme in locations across England such as Bradford, Blackpool, Peterborough, Stoke, Skegness, Corby, Northampton and Middlesbrough. From choosing the title to developing the creative approach, young people have been involved in all stages of the production process, with schools reporting a significant positive impact on pupils' literacy and learning.

Aiming to reach 63,000 people, the RSC seeks to democratise Shakespeare by reaching new audiences and placing co-creation at the heart of its touring programme. **Julius Caesar** in 2023 was the first production using this approach. Director Atri Banerjee's creative vision saw community choruses – who provide a commentary on the politics of the play from the perspective of marginalised identities – recruited in each touring region.

From 2024, the RSC has completed a 12-week national tour of schools and regional theatres with its 'First Encounters' version of **Romeo & Juliet**. After early research and development highlighted young people's interest in the impulsive actions of characters and their consequences, 260 young people have been cast in the role of the Prince's Council across touring venues. A total of 89 performances were seen by over 17,212 people, with 60% seeing their first Shakespeare play.

The Place Partnership strand of National Lottery Project Grants is for projects over £100,000 that are designed to help places transform the culture and creative lives of the community. For **Portsmouth Creates**, it has boosted creativity and culture in the city, in turn benefitting Portsmouth's cultural economy. We awarded £650,000 in October 2023 which will be invested over three years. This investment is supported by a further pledge of £450,000 from the founding partners of a Community Interest Company – Portsmouth City Council, the University of Portsmouth, and Victorious Festival. It means a total funding package of £1.1 million for the Place Partnership.

"Since receiving the Place Partnership funding from Arts Council England in October 2023, our efforts have been focused on skills development, capacity building, and business support, continuing until April 2024. Throughout this period, we have engaged with over

700 creatives through various support events, workshops, and topic-specific seminars, aimed at enhancing the skill set of our sector.

As we transition into the new financial year, we are in the final stages of developing our Creative Youth Board and Mentoring programme for young people. This initiative will be officially launched at our We Connect Conference in July.”

– Gemma Nichols, CEO,
Portsmouth Creates

To make sure that ambitious, innovative and excellent culture is available and accessible to everyone, we have been working to develop **All In**. All In is the new UK access scheme for creativity and culture. All In wants to improve the experience of D/deaf, disabled and neurodivergent people, from booking a ticket to enjoying performances, exhibitions and other cultural activities. We launched the name, brand and website – allin.online – in November 2023. By March 2024, more than 850 creative and cultural organisations had expressed their interest in becoming part of All In. We are continuing to develop the digital membership system and accessibility standards with the ambition of moving to a pilot stage in Autumn 2024. The project is a collaboration between Arts Council England, Arts Council of Northern Ireland, Arts Council of Wales and Creative Scotland.

Our Place Based Peer Learning Programme focuses on the shared needs of Creative People and Places, Local Cultural Education Partnerships, and Cultural Compacts, with 14 events delivered in 2023/24. We also launched our Place Based Peer Learning Networking Platform, to enable those delivering arts and culture activity in a place-based way to connect and share best practice.

We are committed to using and analysing data to fully understand what outputs and outcomes we are delivering. In line with our

Government priority for data in 2023/24, we are supporting the use of data in public plans through developing our Culture and Place Data Explorer. This is an easy to access, regularly updated hub of place data that includes our investment information and other data related to place. It will be a publicly available tool to support our ‘place partners’ to capture and analyse data to support the development and evaluation of place-based strategies.

Strengthening our communities through culture in 2023/24

We delivered the £2.54 million Levelling Up Places Service funded by the Department for Levelling Up, Housing and Communities throughout 2023/24 working collaboratively with the Department for Culture, Media and Sport’s Arm’s Length Bodies: Historic England, The National Lottery Community Fund, The National Lottery Heritage Fund, Sport England, the British Film Institute, and VisitEngland. In its first year, the Service has directly supported 68 Local Authorities (43% of Levelling Up Fund projects) by providing bespoke advice, and over 75 through its emerging peer learning programme. The service has also convened its partners and other government departments through five Area Towns Groups to support efficiencies in place-based working for these organisations.

We have also invested £110,000 into Cultural Compacts. These are cross-sector locally based groups – made up of local authorities, businesses, education providers, and cultural and community leaders – which work to put arts and culture at the centre of regeneration strategies in locations across England.

We know that making and experiencing creativity and culture can transform quality of life for individuals and communities, and we continued to invest in projects that support the growth of the creative health sector in 2023/24. We continued to work with the National Academy for Social Prescribing this year. Our £250,000 investment in the

Power of Music Fund will provide access to high-quality music and musicians, including dementia choirs and singing groups, to people with dementia and their carers. This will have a life-changing impact on their physical and mental wellbeing.

In September 2023, we funded the Culture Health and Wellbeing Alliance to publish its Creative Health Quality Framework, which sets out what 'good' looks like for arts and culture initiatives that aim to support people's health and wellbeing. We also invested £15,000 in the National Arts in Hospitals Network to produce a toolkit which will guide hospitals in embedding arts within their healthcare framework. Linking our work in places where creative health is a priority allows us to strengthen our partnerships with the NHS, social care and public health, while strengthening our communities through culture.

We have awarded £4.4 million of Department for Culture, Media and Sport investment through the **Know Your Neighbourhood Fund** – working with our delivery partners Libraries Connected, Association of Independent Museums, and Creative Lives – to strengthen communities across England. It has supported 26 library services, 11 museums and 60 arts, culture and community organisations to help tackle loneliness in our villages, towns and cities. It included funding extended opening hours to provide social activities and projects to encourage volunteering – which will help provide a legacy beyond the fund's lifetime.

CREATIVE PEOPLE

Everyone can develop and express creativity throughout their lives

This year we saw more people join in with creative and cultural activities and events both in-person and online. More people went to libraries, museums and galleries – with 90.5% of the adults who took part in our Participation Survey this year⁹ taking part in creative and cultural activities in the past 12 months.

2023/24 was the first year of our new Investment Programme 2023-26, with our 985 National Portfolio Organisations (NPOs) and Investment Principles Support Organisations (IPSOs) already making a difference to the creative lives of the public.

Everyone can be creative and each of us has the potential to develop our creativity further, whether in singing, craft, dance, drama, writing or playing an instrument – and this year our funding has reached more people in even more parts of the country.

8 out of 10 of our National Portfolio Organisations work with children and young people

We want to see more children and young people, whatever their background, take part and develop creativity. Creating opportunities for children and young people and supporting young talent is one of the UK Government's priorities for the Arts Council. 782 out of 985 (79%) organisations in the 2023-26 Portfolio, including Investment Principles Support Organisations, are being funded to deliver work for children and young people. This is more than ever before.

⁹ Survey conducted in partnership with the Department for Culture, Media and Sport.

We believe it's critical to support children to explore their creativity from an early age, and this year we have continued to support libraries and cultural organisations, community partners, and the public to come together to make high-quality experiences for all young children and their families.

Through our 2023-26 National Portfolio investment in **BookTrust**, the largest children's reading charity in the country, we've funded high-quality early years activities that reach families from a wide range of backgrounds in formal and informal settings – such as nursery schools, hospitals or community spaces. BookTrust's **Rhymetimes** provides a free and fun way for under-fives to develop a love of music and language. Libraries in Kent are also being funded to deliver ground-breaking work for Early Years, engaging parents and children in creative activities, and connecting with communities who may not have used the library service before.

Case study: BookTrust Toddler and Pre-schooler

BookTrust's Bookstart Baby programme gives every child in England a free Bookstart pack, including a book, information leaflet and finger puppet, before they reach their first birthday. The scheme also gives additional needs packs for babies and toddlers, black-and-white booklets for newborns and dual-language books too. By introducing books, stories and rhymes from an early age, the aim is to help create a lifelong love of books among children of all backgrounds and help new parents' confidence in reading with their child. Our early years work with disadvantaged families, Bookstart Toddler and Pre-schooler, reaches around 400,000 1 to 4 year-olds in low income families every year and establishes regular reading as part of family life. 82% of low-income families say they read more as a result of this programme.

Introducing books and stories into family life has helped new parents' bonding experiences and their child's development – for example for new parent Nathan and his nine-week-old son. They've used BookTrust resources, taken part in book-related family activities, and shared stories together. As a result, Nathan feels more supported. You can read more about Nathan's story [here](#).

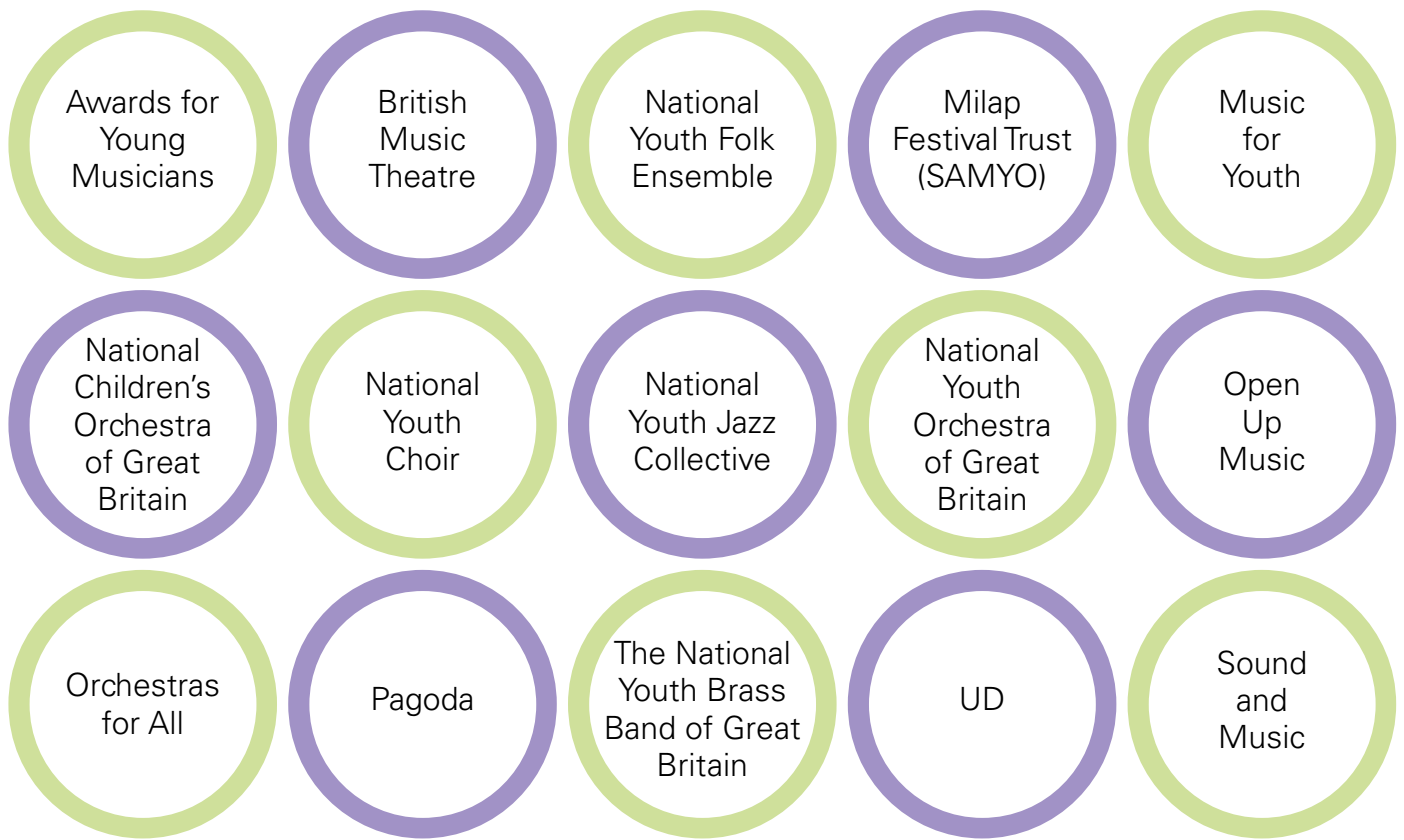
We continued our support for the Department for Education (DfE)'s investment in **Music Hubs** this year as a fund holder. Music Hubs are groups of organisations that support, deliver and enable access to music education, responding to local need and fulfilling the objectives set out in the National Plan for Music Education. There is a Music Hub for every area of England, which means that all children and young people can access high-quality music education. The latest figures show that Hub partnerships reached 956,096 children and young people through lessons, engaged with nearly 90% of schools, and continued to provide a diverse range of high-quality activity for pupils, as well as professional development opportunities for the workforce.¹⁰

956,096 children and young people took part in high quality music lessons

We also partner with the Department for Education as co-funder of **National Youth Music Organisations** which provide opportunities for thousands of young people across the country to progress their musical interests and potential. In March 2023, we announced the expansion of the cohort of National Youth Music Organisations, taking the total number from seven to 15. All 15 National Youth Music Organisations receive funding as part of the Arts Council's 2023-26 Investment Programme – totalling £4,043,665 annually, with the DfE contributing £524,410 a year towards the programme.

¹⁰ Figures for academic year 2022/23.

Our National Youth Music Organisations are:



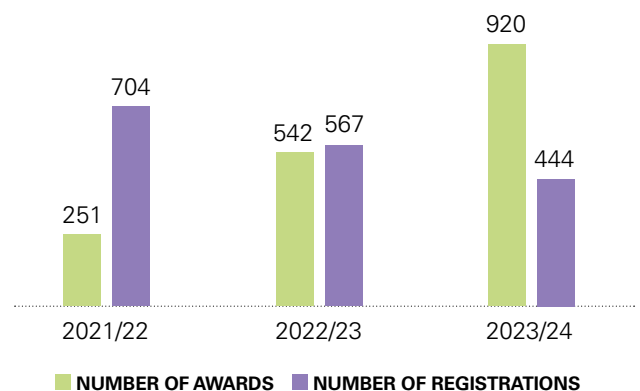
In 2023/24 we made some changes to expand the reach and accessibility of our **Artsmark** accreditation programme for school creativity and culture in England. It empowers teachers with the skills they need to embed arts, culture and creativity across the whole curriculum and is proven to support pupil engagement and wellbeing, teacher recruitment and retention as well as whole school improvement.

Goldsmiths, University of London, began delivering Artsmark training and support this year, and we began developing the Artsmark Cultural Education Network. This network has been designed to support schools, cultural organisations and the youth sector to improve their cultural offer by offering specialist advice through one-to-one support sessions, webinars and resources.

1,461 schools have an active Artsmark Award

Artsmark issued 919 awards in 2023/24 – the highest number since the programme refresh in 2015. Of these, 52% were Silver, 40% Gold and 8% Platinum. On average, 36 schools applied to Artsmark per month in 2023/24, and reports of significant improvement to wellbeing, attendance, school improvement plans and pupil outcomes have all been made from awarded schools during this time period.

ARTSMARK AWARDS AND REGISTRATIONS



Case Study: Grimm & Co

Grimm & Co, based in Rotherham, uses stories and writing to help children unleash their imaginations. From the moment children enter the world of Grimm & Co in Rotherham, they go on a magical, transformative journey, unleashing the power of their imaginations through storytelling. The organisation develops creativity, self-confidence and self-belief in each child it works with, to lasting effect.

This year, Grimm & Co opened its new writing centre which it bought thanks to a grant of nearly £500,000 from the Arts Council. Further investment from us, and the involvement of the team behind the creation of the Harry Potter Studios in London and Tokyo, has helped transform a former church in Rotherham into an Emporium of Stories. It is a magical place that will inspire and delight children for years to come.

We are supporting more inclusive and diverse organisations through the portfolio, widening creative opportunities for new audiences and participants. As well as supporting the next generation of creatives, we invested in and celebrated creative opportunities in local communities for people of all ages. Our partnership with the National Creative Ageing Conference held in October 2023 in Newcastle, hosted by the Baring Foundation, brought together people from the care, health and cultural sectors to share ideas.

Our investment in place-based partnerships has supported children and young people to fulfil their creative potential and access high-quality cultural experiences wherever they live, go to school, and spend their free time. Partners from across sectors responded to local needs and interests to drive a more joined-up cultural education offer, share

resources, and improve the visibility of cultural education in their local area. The Arts Depot Trust's Place Partnership Project, **Barnet & Culture for Youth**, is one such project that will improve access to arts and culture for thousands of children and young people – particularly those outside mainstream education. Another example, **darts' Tuneful Chatter** in Doncaster, was awarded a £425,719 National Lottery Project Grants Place Partnership grant to support 0-to-five-year-olds to develop their communication, personal, social and emotional skills, enable children to be school ready, and allow professionals to sustain their practice.

In 2023/24 we supported more children and young people to develop their creative skills and potential, and build the skills that will fuel the success of the UK's creative industries and result in the next generation of creative talent across the country. We funded organisations through the National Portfolio to support pathways to creative careers, including London-based **Small Green Shoots** who work with young people aged 16-24 who are not in education, employment or training to offer an alternative pathway to creative careers in the music and wider creative industries through workshops, mentoring and industry placements. **The Gap Arts Project** in Balsall Heath received investment from the Arts Council to offer development opportunities for local young people, support them to develop their creative practice, further their involvement, and prepare them to enter the wider arts and cultural sector workplace.

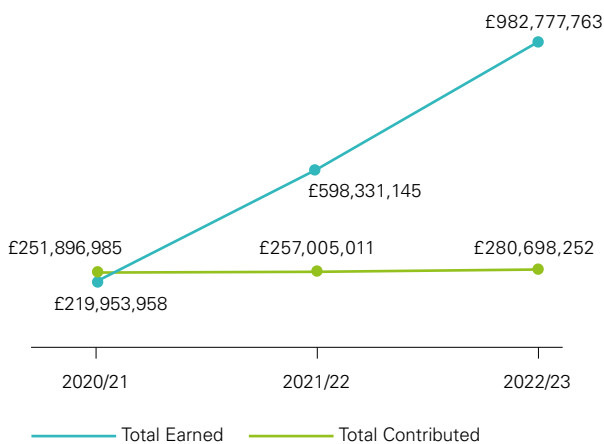
CULTURE, MEDIA AND SPORT KEY PERFORMANCE INDICATORS

The Secretary of State for Culture, Media and Sport (DCMS) sets priorities and key performance indicators (KPIs) for Arts Council England. These performance indicators may be reviewed over the duration of the Arts Council’s management agreement with DCMS. The data for the first four Key Performance Indicators (KPIs 1-4) reflect 2022/23 due to the schedule in which we collect data from our National Portfolio Organisations.

KPI 1: Contributed and earned income in National Portfolio Organisations

Earned income has increased significantly since the low of 2020, though this was also affected by increasing rates of inflation. Contributed income – for example money given to an organisation as a gift or grant – has stayed relatively stable in the period.

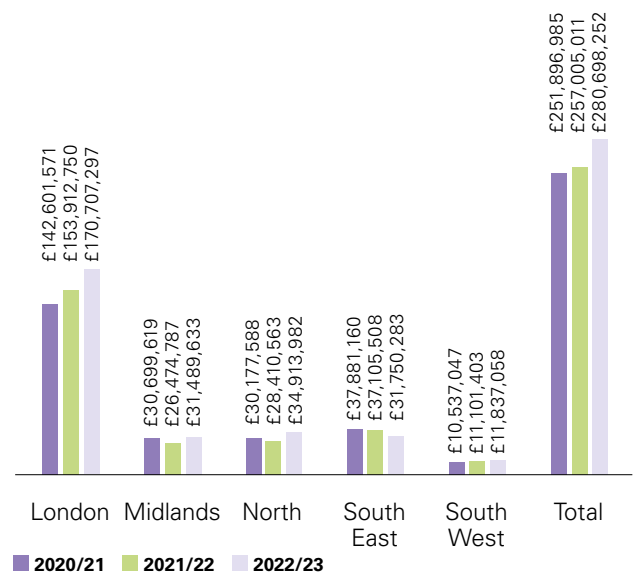
TOTAL EARNED AND CONTRIBUTED INCOME: ALL ENGLAND



EARNED INCOME BY ARTS COUNCIL AREA



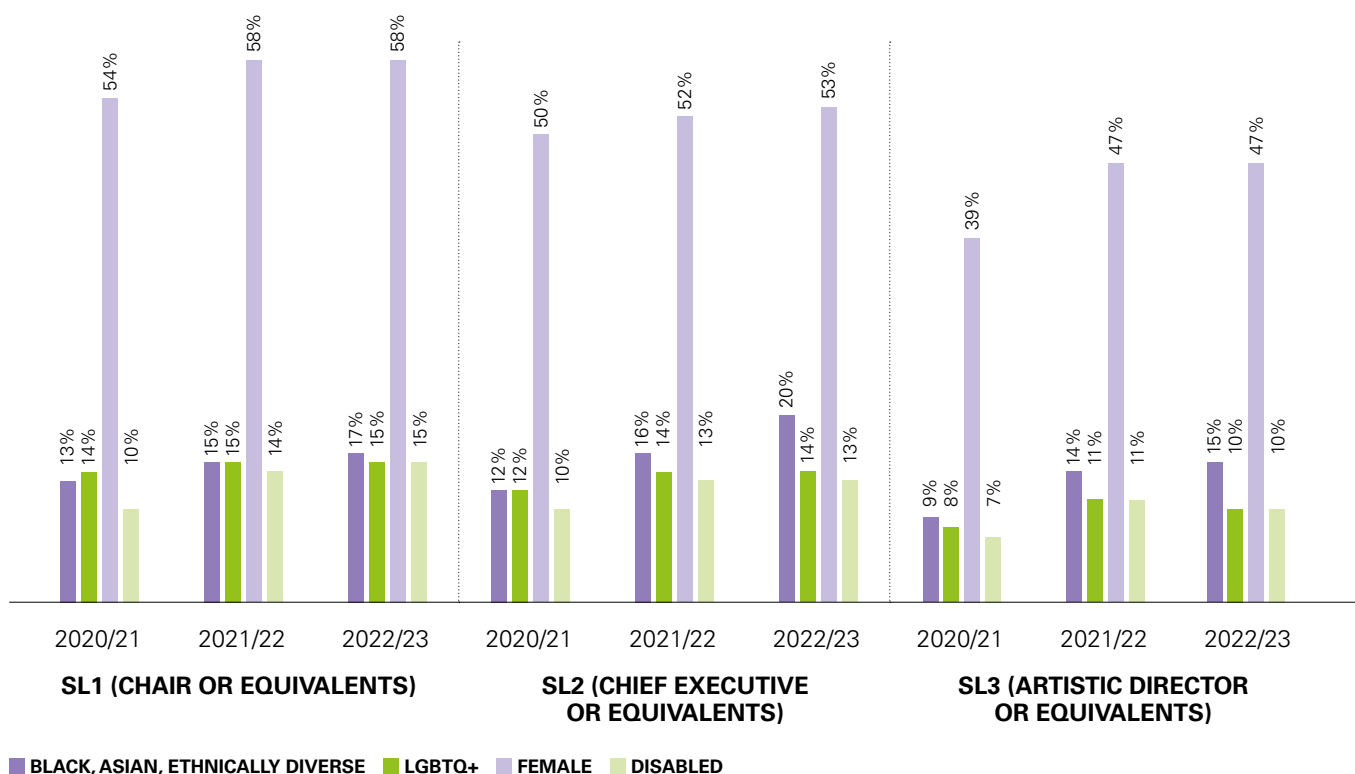
CONTRIBUTED INCOME BY ARTS COUNCIL AREA



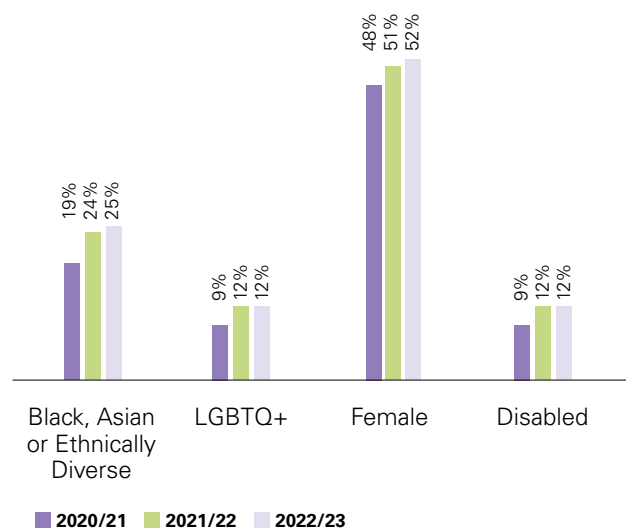
KPI 2: Percentages for each protected characteristic (Black/Asian/Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background across National Portfolio Organisation (NPO) Leadership teams and permanent workforces

The following charts show the demographic and socio-economic breakdown of senior leadership positions, boards, and permanent workforces of National Portfolio Organisations. These figures should be read with the awareness that the number of people in the workforce has fluctuated over that time due to the pandemic.¹¹

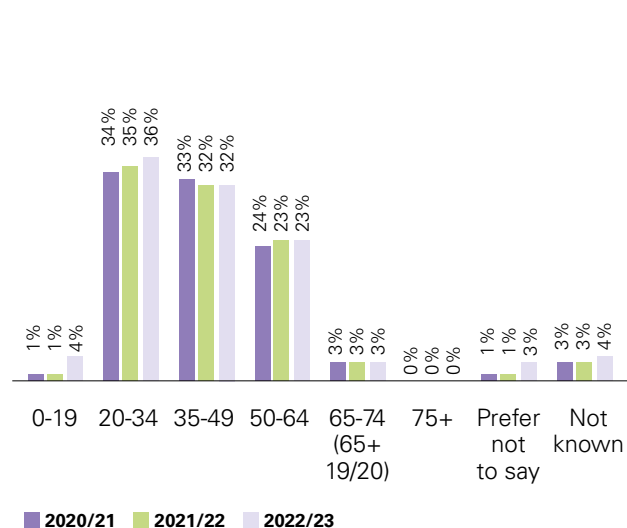
NPO SENIOR LEADERSHIP POSITIONS



NPO BOARD

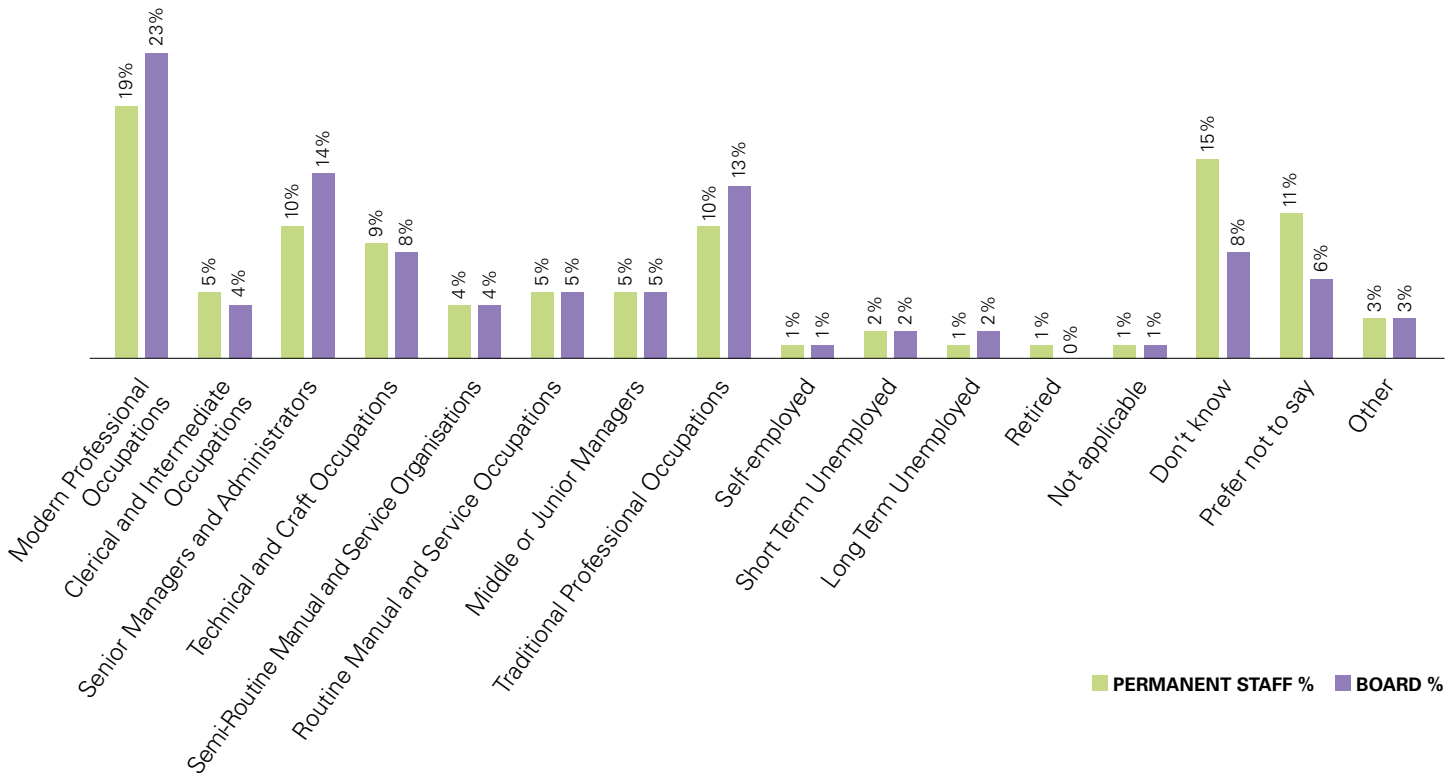


NPO PERMANENT WORKFORCE AGE SPREAD



¹¹ 2020/21 and 2021/22 data was collected in periods of lockdown and furlough, and it is unclear whether NPOs included furloughed staff in the figures.

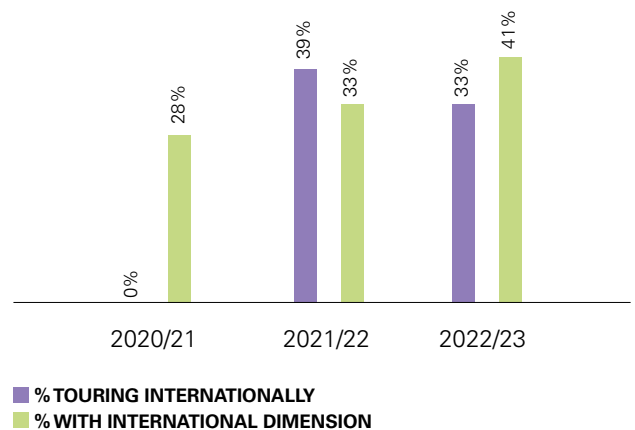
NPO SOCIO-ECONOMIC BACKGROUND 2022/23



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

Activity with an international dimension continues to increase year-on-year, with supporting international collaboration being one of the five themes in the Arts Council’s Delivery Plan¹². Touring activity in 2021/22 was affected by activities taking place which were initially deferred due to the pandemic.

NATIONAL PORTFOLIO ORGANISATION INTERNATIONAL TOURING



¹² “International Dimensions” include various types of international engagement such as virtual engagement, loans and general partnership working.

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

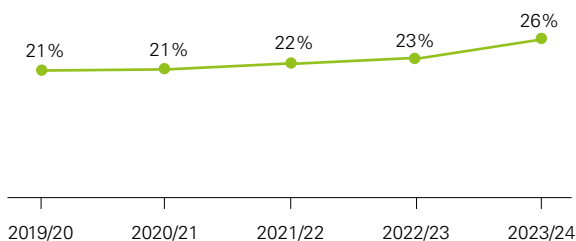
In 2022/23 there were increases in attendance of children and young people at events and activities of all types provided by National Portfolio Organisations in areas of low cultural engagement.¹³

	2020/21			2021/22			2022/23		
	Known	Estimated	Total	Known	Estimated	Total	Known	Estimated	Total
Performances	22,017	9,269	31,286	612,963	69,385	682,348	827,412	252,441	1,079,853
Exhibitions	36,462	3,482,005	3,518,467	235,998	168,693	404,691	230,702	339,163	569,865
Screenings	8,400	20	8,420	25,602	1,722	27,324	30,205	479	30,684
Festivals	1,401	6,371	7,772	13,186	14,502	27,688	28,170	2,165,231	2,193,401
Total	68,280	3,497,665	3,565,945	887,749	254,302	1,142,051	1,116,489	2,757,314	3,873,803

KPI 5: Percentage of overall Arts Council funding spent in areas of low cultural engagement¹⁴ as defined by the Active Lives Survey

Arts Council investment in areas of low cultural engagement has continued to increase year on year since the publication of *Let's Create*.

PROPORTION OF OVERALL INVESTMENT IN AREAS OF LOW CULTURAL ENGAGEMENT



KPI 6: The number of organisations and individuals engaging with the Digital Culture Network (breakdown by five Arts Council Areas)¹⁵

DIGITAL CULTURE NETWORK ENGAGEMENT BY ARTS COUNCIL AREA



¹³ Taken from known and estimated attendances at children and young people specific activities (England only) in NPOs based in the bottom 33% from Active Lives 19/20 (QD1 in annual survey – attendance at CYP events). Location of NPO is not always the same as location of activity.

¹⁴ Due to changes to Local Authority boundaries since 2018, this represents the closest possible estimate of the split of spending. Any areas for which the Active Lives status cannot be determined have been assumed to be non-low cultural engagement areas to avoid over-estimating.

¹⁵ Notes on chart: Figures are subject to change. All figures correct as at the end of each quoted reporting period. Greater London is no longer recorded as a separate entity due to a change in our data storage system.

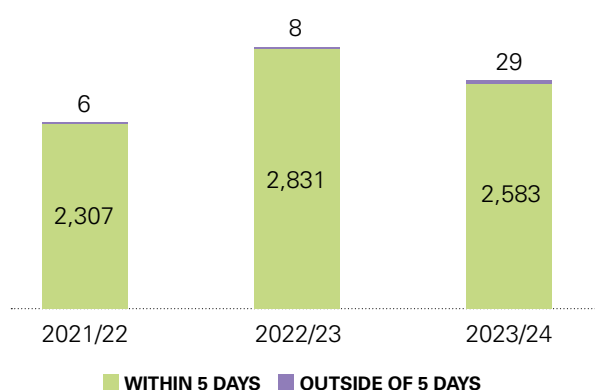
Engagement with the Digital Culture Network has consistently increased across the year – quarter one represented the highest number since 2020/21 when the pandemic drove huge demand for digital skills and support, and the number has continued to increase in each subsequent quarter.

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

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

Of the total 5,207 applications for export licences received this year, 2,612 did not need to be referred to advisers. Of these, 98.9% were issued within 5 days of receipt of the application.

EXPORT LICENCE APPLICATIONS NOT REQUIRING ONWARD REFERRAL TO ADVISORS



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

Over 2023/24, the committee considered nine applications, with five considered within two weeks of submission. The four outliers all related to the same case hearing and were reported together a day after the deadline due to a delay in receiving feedback from committee members.

TOTAL APPLICATIONS REPORTED	% SUBMITTED WITHIN 2 WEEKS	TARGET
9	56%	100%

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

TOTAL CLAIMS CONSIDERED	% SUBMITTED WITHIN 2 WEEKS	TARGET
3	100%	100%

WORKS OF ART – ARTS COUNCIL COLLECTION

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

The Arts Council Collection has been built up since 1946 and consists of 8,171 items on 31 March 2024. The purpose of the collection is to broaden the appreciation and public awareness of modern and contemporary British art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre.

Acquisition and disposal policy

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

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

Preservation

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

Collection management

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

Access

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

The Arts Council Collection continues to build and preserve the British public's art collection for its use and enjoyment. Access to the national collection is achieved through working in collaboration on its broad range of work that includes an extensive lending programme of

artwork across the UK and abroad, Arts Council Collection exhibitions, learning and engagement, and research and scholarship. Work is loaned to museums and galleries, and public institutions such as universities, libraries, hospitals and schools. Marketing and communication increases visibility and accessibility through the Collection's website and social media such as Twitter, Instagram and Facebook.

PARTNERSHIPS

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

Through the Arts Council Collection's Take Two initiative, original works of art are currently installed across 21 schools in London, the Midlands and Yorkshire.

Further information on the valuation of heritage assets can be found on [page 120](#).







04.

Sustainability report

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

OVERALL PERFORMANCE (2023-24)^{16 17}

The period 2023/24 saw an increase in travel emissions due to increased activity, yet lower than pre-pandemic levels. Most of our travel is by rail, the most sustainable method, but it is likely the increase in car travel may in part have been influenced by the availability of rail travel as an option through industrial action and weather events. In addition, access by public transport to some of the stakeholder organisations located in some Priority Places is limited.

The gross figures for waste show a further reduction on the 2022/23 performance. It is worth noting that for many of our offices we are charged, in line with our lease, a general proportion of the waste output for the whole

building and are reliant on our landlords to make good choices about avoiding waste to landfill. Perhaps a more accurate indicator of our waste emissions comes from the volume of paper we purchase.

CO2 related emissions from gas and electric have reduced as has our water consumption. This reflects the full-year effect of the reduction of our estate footprint brought about by the reduction in the size of our London office.

We continue to focus on using lease events as a trigger to reduce the size and/or the environmental impact of our estate in line with the principles set out in the Government Estate Strategy (smaller, better and greener). Our office efficiency ratio is now 5.79m²/FTE. We expect this trend to continue in response to the change in demand for office space brought about through the impact of hybrid working. Our performance means we're making a positive contribution towards the Government target for office utilisation of 6m²/FTE by 2030.

TRAVEL		2021/22	2022/23	2023/24
CO ₂ (tonnes)	Rail	12	38	61
	Air	5	11	15
	Car	19	27	48
	Total	34	77	124
Cost (£)	Rail	67,203	245,517	411,363
	Air	3,801	9,096	11,784
	Petrol	27,970	46,222	70,727
	Total	101,273	300,835	493,874
Miles	Rail	195,654	670,984	1,067,135
	Air	24,236	72,018	71,618
	Car	69,925	115,556	176,885
	Total	290,587	858,557	1,315,638

¹⁶ At the time of producing the ARA figures, many quarter 4 figures are based on estimates, as estates managers usually do not yet have their utilities bill for quarter 4. These estimates will sometimes be updated with actual figures later. For this reason, usage figures are always subject to change.

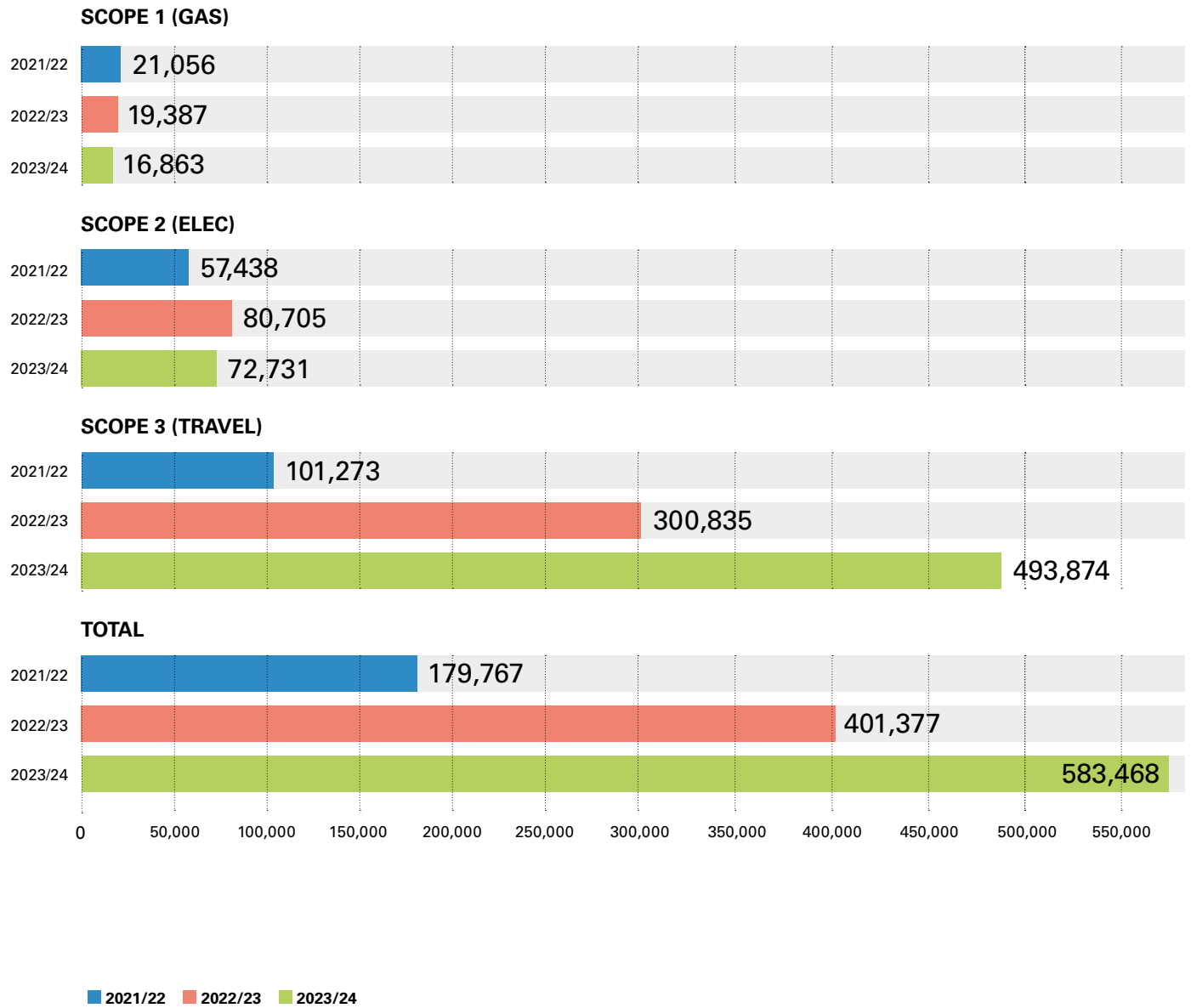
¹⁷ Regarding Consumer Single Use Plastics (CSUPs), ACE have removed all CSUPs from the estate, so we do not report on it.

WASTE		2021/22	2022/23	2023/24
Non-financial indicators (tonnes)	Total	164.38	27.03	29.14
	Landfill	0.24	0.41	5.55
	Reused/ recycled	164.14	26.62	23.59
Financial indicators (£)	Total	12,506	7,653	6,297
	Landfill	1,957	2,050	1,973
	Reused/ recycled	10,549	5,603	4,323

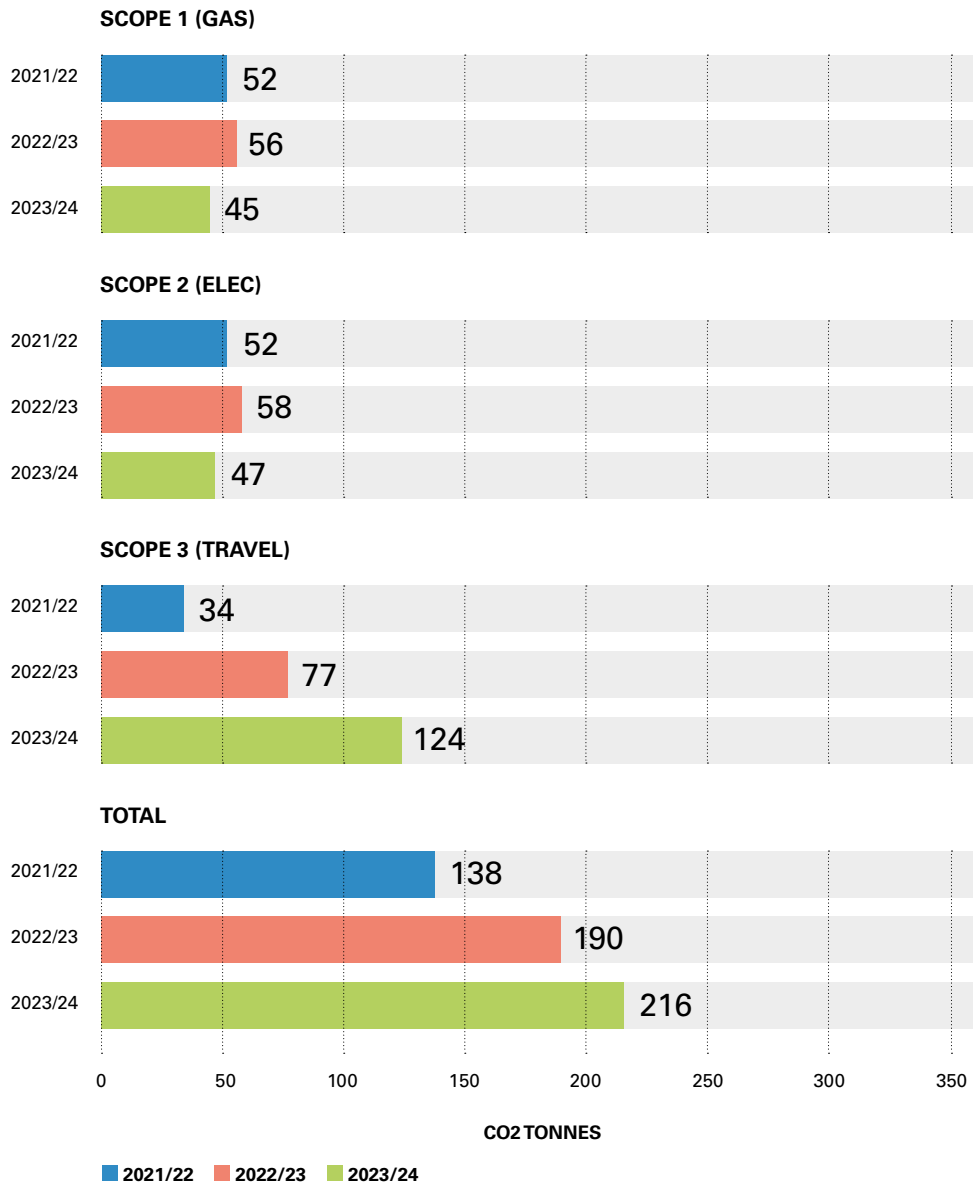
GREENHOUSE GAS EMISSIONS		2021/22	2022/23	2023/24
CO ₂ (tonnes)	Total Gross Emissions (CO ₂)	104	113	92
	Gross Emissions Scope 1 (direct)	52	56	45
	Gross Emissions Scope 2 (indirect)	52	58	47
Energy Consumption (kWh)	Electricity	245,190	271,644	222,865
	Gas	284,332	303,768	243,905
Financial Indicators (£)	Expenditure Energy	78,494	100,542	£89,594.1

FINITE RESOURCE CONSUMPTION		2021/22	2022/23	2023/24
Non-financial (m ³)	Supplied	3,004.83	2,611.02	1,348.73
	Per Full Time Equivalent (FTE)	5.31	4.34	2.24
Financial Indicators (£)	Water Supply Costs (Office Water)	10,490	6,347	5,168

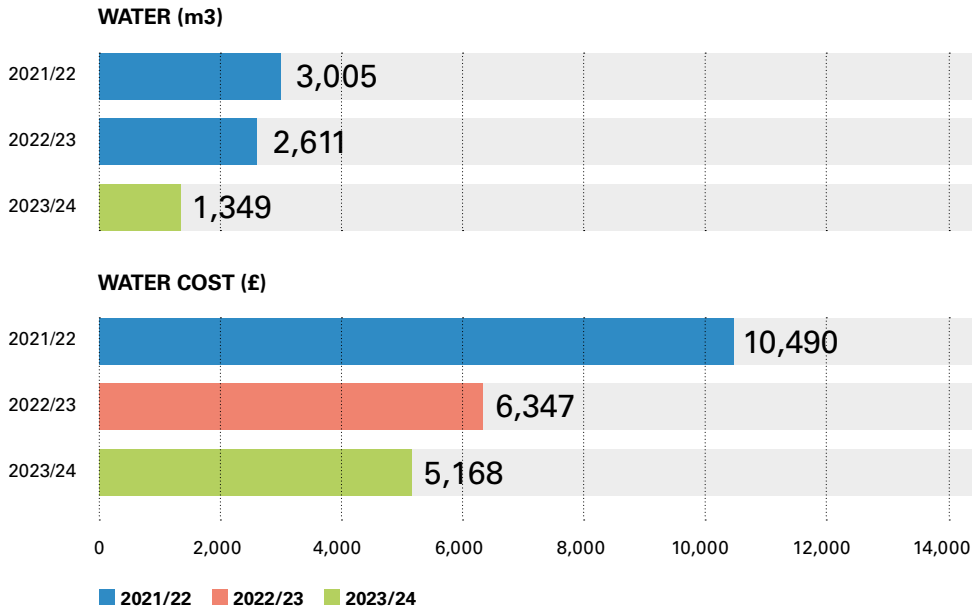
FINANCIAL EXPENDITURE (£)



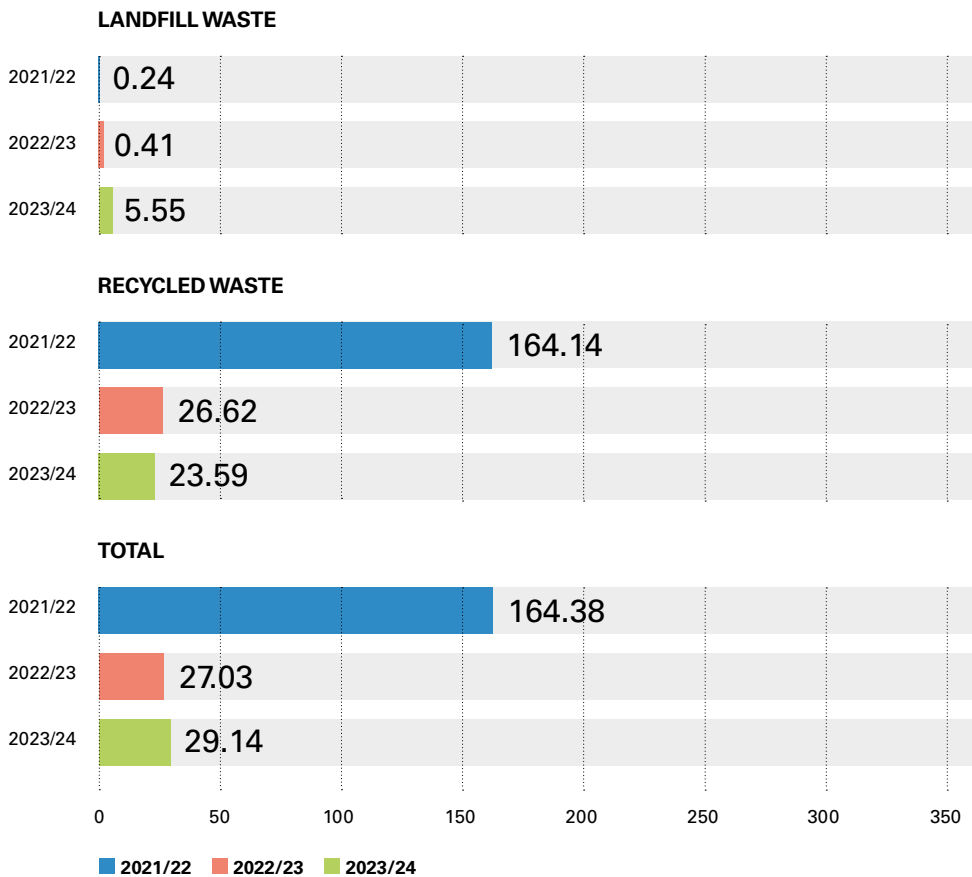
CO2 WHOLE ESTATE (TONNES)



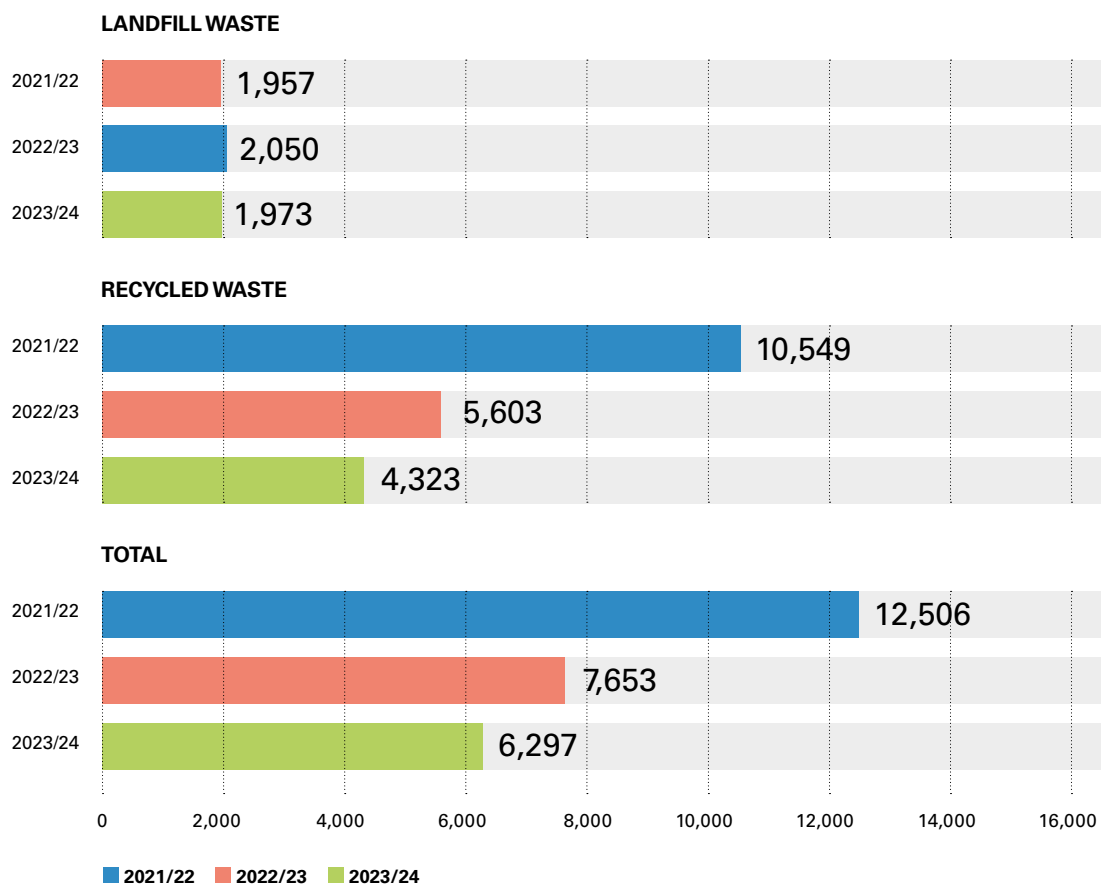
WATER USAGE (m3) AND EXPENDITURE (£)



WASTE – NON FINANCIAL (TONNES)



WASTE – FINANCIAL INDICATORS (£)



Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2024), data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs have been taken from those produced by DEFRA, except for air and rail travel where the emissions data has been taken directly from information provided by our travel management system.

We have committed to publish our carbon footprint annually, which includes a review of our carbon reduction targets and longer-term aims. We also review and update the scope of our carbon footprint on a yearly basis, to increase its accuracy and inform our decision making. We have updated our Environmental Responsibility Action Plan for 2024/25, now published alongside our carbon footprints for 2021/22 and 2022/23. We committed that in 2023/24 we would reduce our office energy

use and business travel carbon emissions by 25% compared with 2019/20 and have met these targets.

As part of our Action Plan for 2024/25, we have committed to develop a carbon reduction plan that will map out our journey towards Net Zero, that will include considerations for a Climate Change Adaptation Strategy. The carbon reduction plan will be developed across 2024/25 and implemented from April 2025.

Our finalised carbon footprint for 2023/24 is due to be published in Autumn 2024. We continue to work with colleagues across our 6 priority areas (people, place, travel, technology, procurement and pension) on the actions in our Environmental Responsibility Action Plan, and to refine and improve our carbon footprint reporting year on year. We have updated and published our Environmental Responsibility Policy, aligned with ISO14001, which sets out national emissions targets alongside our key environmental commitments and priority areas.



We have achieved a significant drop in our paper purchase and use over the last 5 years. For example, our records for 2019/20 show that we purchased 3,400kg of paper. This compares to 952kg in 2023/24 (361 reams that includes 17 reams of A3, 343 reams of A4, and one ream of A5). Compared to 2022/23 (770kg or 296 reams that includes six reams of A3 and 290 reams of A4), there was a small increase in paper purchased, likely due to more staff returning to our offices post-Covid. Paper purchase is considered a small area of impact as expenditure is relatively small, as are related carbon emissions (around 0.1% of our footprint).

While information and communication technology (ICT) purchases are largely made through government frameworks, there is still space for us to make positive change. For example, Equinix, our data centre provider for services including Grantium (our online grant management software), provides an annual report on associated energy use and has confirmed this is 100% renewable energy. Our website is green hosted. We updated our IT Small Asset Tracking and Disposal policy in 2023 that states all IT equipment will be disposed of through the IT department and adhere to Waste Electrical and Electronic Equipment (WEEE) regulations. We also updated our procedure relating to end-of-life laptops so that, where possible, these are donated for re-use to local schools. In 2023, 114 Surface Pros were donated to schools, and 80 broken Surface Pros and laptops were sent for data destruction and recycling.

Arts Council England has an annual procurement spend of approximately £13 million on goods and services, and we make use of CCS Frameworks wherever feasible. While procurement is the largest area of our organisation's carbon footprint (70%) and is therefore a priority for future action, most of this expenditure is on the supply of services. Our top eight suppliers were identified by spend with an initial review of their environmental responsibility policies and commdue for renewal in 2024 and is likely

to be significantly lower in terms of cost and energy consumption, given the change in working practices following the pandemic. The Arts Council spends very little on furniture and other timber related products, but this expenditure is via CCS frameworks.

Through our [Environmental Programme with Julie's Bicycle](#), we aim to support our National Portfolio Organisations, individuals and freelancers, and the wider sector through the period 2023-26. This programme supports organisations and practitioners to take action, with strands focusing on decarbonisation, resilience, justice and governance, to accelerate and scale the collective response to the climate and ecological crises.

In addition, Julie's Bicycle continue to offer free carbon calculation tools through the Creative Climate Tools platform (previously the Creative Green Tools). The tools were further developed in 2023/24 with updates including the functionality to forecast future carbon footprints. The Creative Climate Tools platform supports the sector in understanding their environmental impacts and where changes can be made. The 2022/23 annual sector environmental report on the 2018-23 portfolio was published in February 2024 and is available through this [link](#).

As part of our new environmental programme, Julie's Bicycle are supporting Arts Council England with the development of climate literacy e-learning. This will be rolled out to all Arts Council staff in 2024/25.

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

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

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

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

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

Arts Council England plans to make disclosures for Risk Management, Strategy and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable (2024/25 Risk Management and Metrics and Targets, and 2025/26 Strategy).

Climate related issues and climate related work are described as Environmental Responsibility (ER) at Arts Council England. As the national development agency for creativity and culture in England, Environmental Responsibility is one of Arts Council England's four [Investment Principles](#), to help us deliver our 10-year strategy, [Let's Create \(2020-2030\)](#).

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

To deliver the 10-year strategy, the Arts Council develops three-year delivery plans and reviews progress and updates on an annual basis. The delivery plans include updates regarding ongoing Environmental Responsibility work and programmes alongside new actions and projects. The delivery plans are approved by National Council, who receive updates on progress. National Council also review and sign off the Annual Report and Accounts which include the Sustainability Reporting section (Governance a).

The Director, Environmental Responsibility & Innovation, reports directly to the Executive Director, Enterprise & Innovation, and the Chief Finance and Resources Officer who sit on Executive Board and report directly to the Chief Executive of Arts Council England. These roles oversee and sign off all aspects of the Environmental Responsibility work, with a further level of scrutiny provided by a sub-group of Executive Board that also reviews and signs off all Arts Council policies including the Environmental Responsibility policy.

The ER team is responsible for developing Arts Council England's Environmental Responsibility policy, developing targets, monitoring and reporting on our carbon footprint, and monitoring progress against our Environmental Responsibility Action Plan which is delivered through working with colleagues across our six priority areas (people, place, travel, technology, procurement and pension).

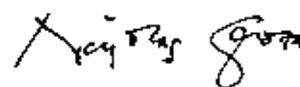
Climate-related risks are currently managed at an operational level, with quarterly reviews by a sub-group of Arts Council England's Executive Board. This meets TCFD disclosure requirement for Governance b – management's role in assessing and managing climate-related risks and opportunities.

Arts Council England is currently in the process of establishing an appropriate climate-related risk for our strategic risk register so from 2024/25, Executive Board will review a climate-related strategic risk on a quarterly basis, with National Council reviewing the Strategic Risk Register on an annual basis. This is in line with Phase 2 of central government's TCFD-aligned disclosure implementation timetable. We will be reviewing all of our governance arrangements with regard to climate risks and opportunities in 2024/25.



Dr Darren Henley CBE
Chief Executive

24 JULY 2024



Sir Nicholas Serota CH
Chair

24 JULY 2024



05.

Trustees' report and management commentary





GOVERNANCE STATEMENT

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

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2023 to 31 March 2024.

ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

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

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 12 to 43.

ARTS COUNCIL ENGLAND'S GOVERNANCE FRAMEWORK

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

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

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

NATIONAL COUNCIL

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



Abigail Pogson
National Council Member



Andrew Miller, MBE
National Council Member



Annabel Turpin
National Council Member



David Bryan, CBE
London Area Chair



Deborah Shaw
National Council Member



Elisabeth Murdoch
National Council Member



Helen Birchenough
South West Area Chair



Paul Roberts OBE
Chair, Performance and
Audit Committee and
Chair, Remuneration
Committee



Sally Shaw, MBE
National Council Member



Sukhy Johal, MBE
Midlands Area Chair



Sir Nicholas Serota, CH
Chair
Arts Council England



**Baroness Fleet,
Veronica Wadley CBE**
National Council Member



William Bush CBE
National Council Member



YolanDa Brown, OBE DL
National Council Member

SENIOR LEADERSHIP TEAM

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



Abid Hussain
Director, Diversity



Catherine Nesus
Director, Development
Agency Change
Programme



Dr Darren Henley, CBE
Chief Executive



Emmie Kell
Director of Museums
and Cultural Property



Hazel Edwards
Area Director,
South East



Ian Matthews
Director, Human
Resources and
Estates



Irene Constantinides
National Director of
Communication



Laura Dyer
Deputy Chief Executive
Places, Engagement
& Libraries



Mags Patten
Executive Director
Public Policy and
Communication



Michelle Dickson
Director, Strategy



Michelle Walker
Area Director
London



Navees Rahman
Chief Finance and
Resources Officer



Peter Knott
Area Director, Midlands



Phil Gibby
Area Director,
South West



Richard Russell
Chief Operating
Officer



Ruth Alaile
Director, Governance
and Planning



Sanj Jagait
Chief Data Officer



Sarah Maxfield
Area Director, North



Simon Mellor, OBE
Deputy Chief
Executive,
Arts and Museums



Tonya Nelson
Area Director,
London



Arts Council England's Non-Executive Governance Structure

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

National Council

(15 members including the Chair)

ROLE

- Govern and hold overall authority for Arts Council England
- Retain overall responsibility for the work and conduct of the organisation
- Make decisions on Arts Council England's mission, objectives, priorities and strategies

- Make decisions on grants above a certain threshold
- Monitor delivery of ten-year strategic framework
- Approve corporate plan
- Approve Grant-in-Aid and Lottery accounts

Five Area Councils

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

ROLE

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

Museums Accreditation Committee

(16-20 members)

ROLE

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

Performance and Audit Committee

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

ROLE

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

Designation Scheme Panel

(10 members)

ROLE

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



Remuneration Committee

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

ROLE

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

Acceptance in Lieu Panel

(6-24 members)

ROLE

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

Arts Council Collection Acquisition Committee

(8 members)

ROLE

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



Race Advisory Group

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

ROLE

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

Disability Advisory Group

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

ROLE

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

Non-Executive Governance

NATIONAL COUNCIL

MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience.

The composition of National Council in 2023/24 was as follows:

Sir Nicholas Serota CH

(CHAIR)

Helen Birchenough

(SOUTH WEST AREA COUNCIL CHAIR)

David Bryan CBE

(LONDON AREA COUNCIL CHAIR)

Professor Roni Brown

(SOUTH EAST AREA COUNCIL CHAIR)
(UNTIL 30 NOVEMBER 2023)

Sukhy Johal MBE

(MIDLANDS AREA COUNCIL CHAIR)

Sally Shaw MBE

(SOUTH EAST AREA COUNCIL CHAIR)
(FROM 1 DECEMBER 2023)

Annabel Turpin

(NORTH AREA COUNCIL CHAIR)
(FROM 1 DECEMBER 2023)

Kate Willard OBE

(NORTH AREA COUNCIL CHAIR)
(UNTIL 30 NOVEMBER 2023)

YolanDa Brown OBE

William Bush CBE

Andrew Miller MBE

Elisabeth Murdoch

Jamie Njoku-Goodwin

(UNTIL 10 SEPTEMBER 2023)

Abigail Pogson

Paul Roberts OBE

Deborah Shaw

Baroness Fleet CBE (Veronica Wadley)

NATIONAL COUNCIL PERFORMANCE AND REVIEW OF EFFECTIVENESS IN 2023-24

National Council undertakes an evaluation of its effectiveness each year. Last year's effectiveness review was led for the first time by an external facilitator and included a peer review. In future we anticipate that an independent external review will be conducted every three years. This year's Board Effectiveness Review was led by the Chair of National Council. It comprised three elements:

- A review of progress on actions agreed as part of the 2022-23 effectiveness review
- A self-assessment by National Council of its effectiveness in 2023-24, drawing on the 14 areas identified in the Cabinet Office Guidance
- A review of National Council's Terms of Reference and Council Regulations

National Council noted the significant progress that had been made with the actions agreed following the 2022-23 effectiveness review. As part of its commitment to work across England, National Council had undertaken a visit to Bradford where members heard first hand from a range of stakeholders in Yorkshire. In addition, there had been a two-day conference in Dudley in November 2023 involving National Council, Area Council members, and other members of the Arts Council's non-executive committee. This had provided the non-executives with an opportunity to consider the challenges and opportunities the Arts Council and the sector faces over the medium term.

National Council considered its effectiveness in 2023-24. It reflected on the context that the Arts Council had been operating in. This included the financial and other pressures facing the arts, museums and libraries; the related pressures facing other public

fundere of arts and culture sector, notably Local Government, and the announcement by Government of the Arts Council's routine review as a public body in 2024.

National Council concluded that it was continuing to provide effective leadership, support and scrutiny to the Executive team as illustrated through the list of matters it considered over the year. This included:

- Agreeing the *Let's Create* Delivery Plan 2024-27
- Medium Term Financial Planning
- Music Hubs Investment Programme
- Investment Risk Reports
- Arts Council's Strategic Risks
- Outcome and Response to the Arts Council's Inclusion Review
- National Council's Effectiveness
- Creative People & Places Programme 2025-28
- Arts Council's Adoption of the Social Model of Disability
- Diversity of its Non-Executive Governance
- Funding of English National Opera
- 2023/26 Investment Process After Action Review
- Extension of the 2023/26 Portfolio
- 2027+ National Portfolio Investment Process
- Arts Council's Modern Slavery Statement
- Investment in Bradford City of Culture 2025

National Council members emphasised the value of the expertise, perspective, and support provided by the broad membership of its Area Councils and other sub committees, like the Performance and Audit Committee, Race and Disability Advisory Groups, and the Museums and Cultural Property panels.

Priorities for 2024-25 were identified as: responding to the Public Body Review recommendations; building a strong case for arts and culture in the Spending Review; engaging with Government after the General Election; the development of the 27+ National Portfolio Investment Process; continuing to build synergies between the cultural property panels and the wider work of the Arts Council.

In addition, as trustees of the Arts Council Collection, National Council members aim to visit and see some of the works in the Collection over the year.

NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	7/7	–	1/1
Helen Birchenough	7/7	1/1	–
Professor Roni Brown	3/5	–	–
YolanDa Brown OBE	4/7	–	–
David Bryan CBE	5/7	–	–
William Bush CBE	7/7	1/1	–
Sukhy Johal MBE	7/7	–	–
Andrew Miller MBE	7/7	–	–
Elisabeth Murdoch	3/7	–	–
Jamie Njoku-Goodwin	4/4	2/3	–
Abigail Pogson	7/7	4/4	1/1
Paul Roberts OBE	7/7	4/4	1/1
Deborah Shaw	5/7	–	–
Veronica Wadley CBE	6/7	–	–
Kate Willard OBE	2/5	2/3	1/1
Annabel Turpin	2/2	–	–
Sally Shaw MBE	2/2	–	–
INDEPENDENT MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Penny Ciniewicz CBE	–	4/4	–
Guillaume Fleuti	–	4/4	–
Clive Parritt	–	4/4	–
Tracy Staines	–	4/4	–

JAMIE NJOKU-GOODWIN, KATE WILLARD AND RONI BROWN ALL LEFT NATIONAL COUNCIL IN 2023, AND ANNABEL TURPIN AND SALLY SHAW JOINED IN DECEMBER 2023. THEIR TOTALS ABOVE THEREFORE REFLECT THE NUMBER OF MEETINGS THEY ATTENDED DURING THEIR PERIOD OF SERVICE.

* Performance and Audit Committee attendance is inclusive of four meetings from 7 June 2023 to 16 March 2024.

COMMITTEES AND SUB-COMMITTEES

Area Councils

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

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

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet up to five times a year.

Performance and Audit Committee

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

The Performance and Audit Committee is chaired by Paul Roberts, a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year. The Performance and Audit Committee is comprised of four National Council members and four independent members.

Key areas scrutinised by the Performance and Audit Committee during 2023/24 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets and the Arts Council's risk management processes. The Performance and Audit Committee also considered the strength of our fraud detection and our health and safety compliance and performance.

The Performance and Audit Committee undertook an annual self-evaluation of its effectiveness in March 2024. Members were appreciative that outcomes from the review in March 2023 had been addressed sufficiently. For this review the National Audit Office Audit and Risk Assurance Committee effectiveness tool was used as a framework. This has six sections: Membership, independence, objectivity and understanding; Skills and experience; Roles and responsibilities; Scope; Communications and reporting; and Continual improvement. Priorities for the upcoming year 2024/25 therefore will include: trialling an annual standing item for committee members and auditors to hold discussions without the Executive present to uphold independence; maintaining the balance of skills within the Committee; continuing to develop the progress made on the Performance remit of the Committee through deep dives on the agenda; ensuring the quality of reports presented is maintained; and using the proposed away day to further reflect on how the Committee can improve. Outside of the bounds of the effectiveness tool, further priorities will include: reviewing the recommendations from the Public Bodies Review; and providing assurance that the structure and methodology for the next National Portfolio Organisations (NPO) round has been finalised.

Remuneration Committee

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

Acceptance in Lieu Panel

The Acceptance in Lieu (AIL) Panel is a subcommittee of the Arts Council's National Council. It provides expert advice to UK Ministers on the suitability of objects offered under the Acceptance in Lieu (AIL) and Cultural Gifts Schemes (CGS) and on the pre-eminence of objects proposed for

Conditional Exemption. The Panel also advises the Ministers on the appropriate allocation of items accepted under AIL and CGS, other than manuscripts, to museums and galleries across the United Kingdom. Importantly, the Panel is responsible for assessing the financial value of objects offered under the AIL and CGS schemes and advising on their condition. The AIL scheme is one of the Statutory Functions delivered by the Arts Council on behalf of DCMS and the Arts Council is accountable to DCMS for the AIL scheme.

Race Advisory Group

The Race Advisory Group was set up to advise Arts Council England as it seeks to deliver *Let's Create*, as well as to challenge and eliminate racism and support the sector to recover and restructure in the wake of Covid-19. Among other areas, it has advised on the priorities for the *Let's Create* Delivery Plan, the development of the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and an organisation.

Disability Advisory Group

The Disability Advisory Group consists of D/deaf, neurodiverse and disabled members of Area and National Councils and was set up to examine the emerging issues and challenges for those societal groups in the arts and culture sector (including conscious and unconscious ableism) and to monitor the impact of our policies and decisions. As with the Race Advisory Group above, it has also inputted into the *Let's Create* Delivery Plan, the development of Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and organisation.

Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been

authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

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

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

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

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

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

MEMBERSHIP OF EXECUTIVE BOARD IN 2023/24

NAME	JOB TITLE
Dr Darren Henley CBE	Chief Executive
Laura Dyer MBE	Deputy CEO, Places, Engagement & Libraries
Simon Mellor OBE	Deputy Chief Executive, Arts & Museums
Mags Patten	Executive Director, Communication & Public Policy
Navees Rahman	Chief Finance and Resources Officer
Richard Russell	Executive Director and Chief Operating Officer
Francis Runacres MBE	Executive Director, Enterprise and Innovation (until June 2023)
Tonya Nelson	Executive Director, Enterprise & Innovation (from July 2023)



RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

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

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

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes.
- Operational: risks to the delivery of the themes set out in our Delivery Plan.
- Programmes/Projects Risk: risks to the delivery of individual programmes, projects and to particular areas of our work.

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

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

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

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

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

System for managing risk

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

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

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

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

During 2023/24, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter. The process is also iteratively improved across each year, exemplified in 2023/24 by the increasing role of data in consideration of risks, improved flow between the operational and strategic register, and an emerging process of managing opportunities alongside certain risks as we gain a better understanding of risks and opportunities across our operations and the sector.

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

The arts and culture sector that we support, like all other sectors of the economy, is still in the process of rebuilding post the pandemic. The future outlook for the sector is impacted by cost pressures, and the general economic environment.

Details of key risks and uncertainties affecting our organisation and the sector can be found on [page 18](#).

Data security and personal data

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

During 2023/24, there were 41 incidents reported involving data at the Arts Council. Of these 41, 40 were considered to be minor incidents. We reported one incident to the Information Commissioner's Office (ICO). The ICO considered our report and concluded that the actions we took to mitigate the breach were sufficient and so decided not to take any further action. The Arts Council dealt with all incidents immediately after they were identified; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

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

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. There were no whistleblowing claims made during 2023/24.

An external review of our Whistleblowing arrangements was undertaken in 2023/24 to ensure that our processes and guidance remained best practice. We scored strongly in most areas and will be continuing to improve our engagement with staff, as well as examining other areas where our practices could be improved further still.

UK sanctions against Russia

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

Cyber Security

Arts Council England continues to invest in Cyber Security to manage the risk posed to its operations by cyber-attacks. In the 2023/24 financial year, this involved the implementation of a Managed Detection and Response security layer enabling faster responses to security threats, and the implementation of software to isolate suspicious end user devices. Assurance over cyber security is gained through Internal Audit, Cyber Essentials accreditation and regular penetration tests of key systems; there are plans to enhance assurance by obtaining Cyber Essentials Plus accreditation in 2024. The cyber security work plan for 2024 also includes further alignment of cyber with information governance, phishing testing, extended penetration tests of critical business applications and rolling updates to policies including incident response.

Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including Arts-Length Bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services. For 2023/24, we complied with all of the mandatory requirements of these standards relevant to our operations with the exception of one aspect of Functional Standard 007: Security. This is because we do not currently use the Government classification markings but plan to introduce these as part of our new records management system.

Conflicts of interest

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

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

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

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

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

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

Internal audit

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

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

report. Internal audit services are being provided by RSM.

In their 2023/24 annual report, RSM stated that, in their opinion:

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

Counter Fraud

ACE is committed to protecting public funds against all attempts made to perpetrate fraud, bribery and corruption within its finances, grant programmes and operations, both internally and externally. Minimising fraud, bribery and corruption (including error) is essential to ensure our resources are used for delivery of our essential work supporting cultural individuals and organisations. Our strategy shows our determination to ensure that every penny we spend is used for the purposes intended. It is a living document with continual adaptation (reviewed every 2 years) to ensure we have an integrated, company-wide approach to tackling fraud.

This policy applies to:

- All Arts Council England employees
- All staff placed through agencies e.g. interims, contractors, temporary staff
- All Arts Council England suppliers
- Any other parties who have a business relationship with Arts Council England

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

- Improve the knowledge and understanding of fraud and bribery for everyone at ACE, irrespective of their position.
- Emphasise the zero-tolerance approach taken by Arts Council England with regards to fraud, bribery and corruption.
- Build and promote an open culture and environment where employees feel able to raise their fraud and bribery concerns.
- Ensure appropriate action is taken against fraud and bribery, including investigation and sanctions.

No confirmed fraud or error was detected in the 23/24 FY. ACE utilise internal reports and analytics to identify fraud, in addition to intelligence received from a range of other sources including the public and other Government bodies. In addition, fraud risk assessments are drawn up for all grant schemes to identify risks, controls and implement new countermeasures where necessary to alleviate risk and strengthen controls. ACE are currently onboarding CIFAS to improve fraud prevention and detection capabilities. This is expected to be fully implemented in the 24/25 FY.

Review of effectiveness of internal control

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

Assessment of the effectiveness of internal control during 2023/24

The effectiveness of the Arts Council's internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit

Committee. This is supported by a programme of internal audit reviews.

For 2023/24, internal audit completed reviews of the following areas:

1. Follow Up
2. Procurement
3. Priority Places
4. Long Term Loans and Repayable Finance
5. National Portfolio Organisations (NPOs) and Investment Principles Support Organisation (IPSOs) Monitoring Arrangements
6. Finance Key Controls – Cashflow Forecasting
7. Diversity and Inclusion
8. HR Performance Management
9. Subsidy Control
10. Corporate Credit Cards

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2023/24 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.

Parliamentary Accountability & Audit Report

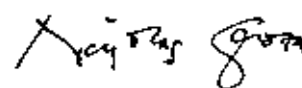
To comply with the requirements of the Government Financial Reporting Manual (FreM) we have disclosed the following items elsewhere within the Annual report & Accounts.

- (i) Losses & Special payments (pages 127 and 177)
- (ii) Certificate of Comptroller & Auditor General (pages 98 and 150)



Dr Darren Henley CBE
Chief Executive

24 JULY 2024



Sir Nicholas Serota CH
Chair

24 JULY 2024

GRANTS TO LOCALLY GOVERNED ORGANISATIONS

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

PUBLIC SECTOR INFORMATION

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

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

BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2023/24, 100 per cent of invoices were paid within 30 days (2022/23: 100 per cent) and we paid 97 per cent per cent of invoices within five days (2022/23: 94 per cent).

CORPORATE INFORMATION

Principal address as at 31 March 2024

The Hive
49 Lever Street
Manchester
M1 1FN

Banker

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

Auditor

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

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

Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

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

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors

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

06.

Remuneration and staff report 1 April 2023 – 31 March 2024

PART-AUDITED INFORMATION





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

THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting on 20 September 2023 where decisions were taken about Executive Board and CEO salary increases for 2023/24 and bonus payments in respect of performance in 2022/23, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Abigail Pogson and Kate Willard.

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

The Remuneration Committee reviews the Register of Interests for the Executive Board

twice per year and can provide advice to the Chief Executive and the Chair of National Council on any conflict of interest issues. In the year, it did not find any conflict of interest.

COUNCIL MEMBERS' REMUNERATION (AUDITED)

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council Chairs, and our National Chair. Remuneration amounts are set by the Department for Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also Chairs of Area Councils were entitled to remuneration of £7,167 each per annum during 2023/24 (2022/23: £6,858). During 2023/24, six members of National Council served as Area Council Chairs. The Chair's salary for the period 2023/24 was £40,000 (2022/23: £40,000). Remuneration and expenses paid to National Council members are shown in the table on the next page.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

For 2023/24, the Arts Council's Remuneration Committee awarded a 4.5% consolidated annual salary increase and a one-off £1,500 non-consolidated payment for the Executive Board. This is in line with the annual pay increase awarded to staff for the year. The CEO opted not to take a consolidated salary increase or a one-off non-consolidated payment. The Remuneration Committee also agreed a non-consolidated performance bonus of £2,000 for each Executive Director who had completed a full year of service in 2022/23. However, they opted to take only £266 of this (this is in line with the bonus awarded to other staff in the year) and the remainder of the balance from the £2,000 was donated to the Arts Council's Staff Development Fund. The CEO was awarded a non-consolidated performance bonus of £17,499 which he opted not to receive. £10,000 of this sum was

distributed to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from

backgrounds where it is unusual to enter higher education. The remaining amount was distributed to the Arts Council's Staff Development Fund.

NATIONAL COUNCIL MEMBERS	POSITION	SALARIES	EXPENSES	TOTAL 23/24	TOTAL 22/23
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£2,417	£42,417	£41,335
Professor Roni Brown	Chair – South East Area Council (left 30 November 2023)	£4,778	£177	£4,954	£7,014
Sally Shaw MBE	Chair – South East Area Council (started 1 December 2023)	£2,389	–	£2,389	–
Kate Willard OBE	Chair – North Area Council (left 30 November 2023)	£4,778	£99	£4,877	£6,858
Annabel Turpin	Chair – North Area Council (started 1 December 2023)	£2,389	£40	£2,429	–
David Bryan CBE	Chair – London Area Council	£7,167	–	£7,167	£1,715
Ruth MacKenzie CBE	Chair – London Area Council (Retired)	–	–	–	£5,282
Helen Birchenough	Chair – South West Area Council	£7,167	£3,000	£10,167	£8,248
Sukhy Johal MBE	Chair – Midlands Area Council	£7,167	£1,538	£8,705	£7,204
Andrew Miller MBE	Member	–	£1,045	£1,045	£1,107
Elisabeth Murdoch	Member	–	–	–	–
Paul Roberts OBE	Member	–	£1,156	£1,156	£571
William Bush CBE	Member	–	–	–	–
YolanDa Brown OBE	Member	–	–	–	–
Abigail Pogson	Member	–	£427	£427	£231
Deborah Shaw	Member	–	–	–	£709
Baroness Fleet, Veronica Wadley CBE	Member	–	£362	£362	£464
Jamie Njoku-Goodwin	Member (left 10 September 2023)	–	–	–	–
Other expenditure		–	£16,983	£16,983	£743
		£75,835	£27,244	£103,078	£81,481

MEMBERS RESIDE IN DIFFERENT PARTS OF THE COUNTRY AND THEREFORE THEIR EXPENSES WILL VARY ACCORDINGLY.

EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley CBE Chief Executive	2023/24	150	–	–	28	178
	2022/23	150	–	–	30	180
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	2023/24	134	–	–	25	159
	2022/23	127	–	2	25	154
Simon Mellor OBE Deputy CEO (Arts & Museums)	2023/24	134	–	–	25	159
	2022/23	127	5	2	25	159
Tonya Nelson* Executive Director (Enterprise & Innovation)	2023/24	92	2	–	17	111
Navees Rahman** Chief Finance & Resources Officer	2023/24	120	–	–	22	142
	2022/23	9	–	–	2	11
Mags Patten Executive Director (Public Policy & Communications)	2023/24	120	–	–	22	142
	2022/23	114	–	2	23	139
Francis Runacres MBE*** Executive Director (Enterprise & Innovation)	2023/24	49	–	–	7	56
	2022/23	114	–	2	23	139
Richard Russell Chief Operating Officer	2023/24	120	–	–	22	142
	2022/23	113	–	2	23	138

* TONYA NELSON WAS APPOINTED AS EXECUTIVE DIRECTOR WITH EFFECT FROM 1 JULY 2023. THE SALARY SHOWN IN THE TABLE ABOVE IS FOR THE 9 MONTHS DURING WHICH SHE SERVED AS EXECUTIVE DIRECTOR. THE FULL-YEAR SALARY FOR HER ROLE IS £120K.

** NAVEES RAHMAN STARTED IN MARCH 2023 AND THEREFORE THE SALARY SHOWN FOR 2022/23 IS FOR ONLY PART OF THE YEAR. HIS FYE SALARY FOR LAST YEAR WAS £113,000.

*** FRANCIS RUNACRES LEFT THE ARTS COUNCIL ON 30TH JUNE 2023. HIS FULL YEAR EQUIVALENT SALARY WAS £113,000.

FAIR PAY DISCLOSURES (SUBJECT TO AUDIT)

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

HUTTON REVIEW DISCLOSURES – (AUDITED)

	2023/24 £	2022/23 £
Highest paid Director's salary	149,736	149,736
Percentage increase from previous year	0%	0%
Median salary	35,225	33,708
Percentage increase from previous year	4.5%	3.5%
Ratio	4.25	4.44
Upper quartile	46,709	44,697
Percentage increase from previous year	4.5%	2.5%
Ratio	3.21	3.35
Lower quartile	30,633	29,850
Percentage increase from previous year	2.6%	7.9%
Ratio	4.89	5.02
Performance Bonus	266	250
Percentage increase from previous year	6.4%	0.0%

THE RANGE OF STAFF SALARY DURING THE YEAR WAS £21,840 TO £149,736 (2022/23: £20,021 TO £149,736). THE 'HIGHEST PAID DIRECTOR'S SALARY' DID NOT CHANGE COMPARED TO 2022/23 AS THE CHIEF EXECUTIVE DID NOT RECEIVE A PAY AWARD. ALL OTHER STAFF RECEIVED A PAY INCREASE OF BETWEEN 4.5% AND 6.5% WITH A ONE-OFF LUMP SUM PAYMENT OF £1,500.

STAFF COSTS (SUBJECT TO AUDIT)

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
Staff costs comprise:					
Salaries and wages	26,702	2,849	11,520	12,333	12,900
Employer's National Insurance	2,690	281	1,149	1,260	1,245
Employer's pension contributions	4,621	489	1,983	2,149	2,102
Redundancy Costs	208	–	–	208	115
Agency staff	300	20	166	115	305
	34,521	3,639	14,818	16,065	16,667

EMOLUMENTS BY BANDS (SUBJECT TO AUDIT)

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

PENSION SCHEME						
EMOLUMENTS FOR THE YEAR	DEFINED BENEFIT	DEFINED CONTRIBUTION	NO PENSION	TOTAL 2023/24	TOTAL 2022/23	
£60,000-£69,999	30	–	–	30	17	
£70,000-£79,999	7	2	–	9	8	
£80,000-£89,999	7	–	–	7	11	
£90,000-£99,999	9	–	–	9	2	
£110,000-£119,999	1	–	–	1	5	
£120,000-£129,999	3	–	–	3	1	
£130,000-£139,999	2	–	–	2	1	
£140,000-£149,999	1	–	–	1	–	
£150,000-£159,999	1	–	–	1	1	
				63	46	

COMPENSATION SCHEME – EXIT PACKAGES (AUDITED)

Details of redundancies and other exit packages agreed during 2023/24 are as follows:

EXIT PACKAGE COST BAND	2023/24			2022/23		
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2023/24	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23
< £9,999	1	–	1	1	–	1
£10,000 – £24,999	–	–	–	–	–	–
£25,000 – £49,999	2	–	2	3	–	3
£50,000 – £99,999	2	–	2	1	–	1
£100,000 – £149,999	–	–	–	–	–	–
Total number of exit packages by type	5	–	5	5	–	5
Total resource cost £000s	208	–	208	170	–	170

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

TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

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

There was one new off-payroll engagement during 2023/24 for more than £245 per day.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2023 and 31 March 2024, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024.

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

TRANSFER VALUES

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

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

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

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

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2024 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2023/24 £000s	TRANSFER VALUE AT 31 MARCH 2024 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2023/24 £000s	TRANSFER VALUE AT 31 MARCH 2023 £000s
Dr Darren Henley CBE Chief Executive	26 (79)	– (1)	255	-9	229
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	59 (177)	– (1)	786	-4	694
Simon Mellor OBE Deputy CEO (Arts & Museums)	28 (84)	1 (3)	486	9	452
Tonya Nelson Executive Director (Enterprise & Innovation)	7 (21)	2 (6)	68	13	39
Mags Patten Executive Director (Public Policy & Communications)	27 (81)	1 (3)	291	-1	248
Francis Runacres MBE Executive Director (Enterprise & Innovation)	31 (94)	– (-1)	499	-6	519
Richard Russell Chief Operating Officer	51 (154)	– (1)	692	-3	620
Navees Rahman Chief Financial & Resources Officer	2 (5)	1 (4)	12	2	1

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

STAFF REPORT

In the year to 31 March 2024, the Arts Council staff headcount grew from 643 to 675. The full-time equivalent staff number changed from 601 to 629. Of these, 298 staff were based in area teams – for London, South East, Midlands, North and South West (working from nine offices across these areas to support the local arts and culture ecology) and 377 were based in national teams (which include Communications, Corporate Functions, Arts and Culture specialist teams and the organisation's Investment team).

The organisation's voluntary leaver rate fell from 13.2% in 2022/23 to 9.8% in 2023/24. This year's figure is in line with general voluntary leaver levels for the organisation across the longer term. The total of 66 voluntary leavers in the year compares to 21 non voluntary leavers in this year – most of whom were the result of temporary roles coming to an end. During 2023/24 staff sickness rate was 2.40% slightly lower than in 2022/23 (2.53%)

As at this financial year end, 209 colleagues have now worked for the organisation for more than 10 years, while 207 have joined since March 2020. 598 individual staff were in permanent roles and 77 were in fixed term roles. There were no large redundancy programmes in the year and the organisation does not have roles which are filled by volunteers. As at the year end, there were six apprentices employed within the organisation, although a further nine are under offer of employment or in process of recruitment.

Looking at how these figures break down by different protected characteristic groups, the numbers of D/deaf or disabled colleagues stands at 13.8% – which is the highest proportion since our records began in 2008. In 2022, our commencement of asking staff to self-report neurodiversity brings the total to 18% if this is included. A record high of 18% of colleagues also now identify as Lesbian, Gay, Bi, Queer or other sexual orientation.

12.6% of staff were recorded as Black, Asian or Ethnically Diverse – which marks a small increase in numbers on the previous year.

Nearly 70% of our people are female. Our gender pay gap reporting works to the previous year end (which in this case was 31 March 2023). The median gender pay gap increased from 2.2% at 2022 year-end to 4.7% at 2023 year-end. This reflects an increase in male staff in the highest salary quartile by 10% and a fall in their numbers in the lowest salary quartile of 7.7%. This is a reflection of recruitment and promotion trends rather than any disparities between those employed in the same roles.

Both our mean and median ethnicity pay gap scores for 2023 were negative – meaning that the average pay for Black, Asian & Ethnically Diverse staff exceeds that for White British and European staff by 7% and 5% respectively. The Arts Council has to work within the public sector pay guidance by the Cabinet Office but it continues to be accredited as a Living Wage Employer.

In 2023/24 the organisation introduced a new social model of access and inclusion for D/deaf, disabled and neurodiverse staff, which was at the core of a revised workplace adjustments policy. The social model takes the focus away from 'disability as impairment' to place onus on organisations to remove barriers and improve access. Arts Council England is committed to inclusive recruitment and have implemented processes and guidance for candidates to ensure equality of opportunity for all candidates applying for vacancies. Arts Council England are a [Disability Confident Employer](#), and take part in the guaranteed interview scheme. Disabled, D/deaf and/or neurodivergent candidates who meet the minimum (essential) criteria for a post (as set out in the job description) will be guaranteed an interview for it. Arts Council England is also committed to making workplace adjustments – alterations to working environment and practices that enable a person who is disabled

or has a long-term condition to continue to carry out their duties without being at a disadvantage compared to others.

In June 2023 an independent review of inclusion in the Arts Council was published. It said in summary that the Arts Council has achieved commendable progress across several dimensions. This includes successes in diversifying the talent pool from which it recruits and taking actions to support staff with a wide range of protected characteristics, needs, and abilities to achieve pay parity. However, other areas require ongoing attention across protected characteristics. These include the need to improve transparency in advancement processes and some staff colleagues' confidence that the Arts Council will fairly and transparently resolve formal and informal grievances. The Arts Council has also not succeeded in building a culture that fully realises its EDI aspirations in all teams and regional offices. This has contributed to mixed experiences for staff colleagues across a range of protected characteristics.

Since publication, steering groups and project groups have been set up to address a number of the issues raised, and their achievements include improving transparency around making formal and informal complaints, continuing to build access support across all aspects of working life for colleagues who need this, and building better relationships with staff networks.

In the staff survey we ran in November 2023, 76% of colleagues participated. Of these, 71% reported the Arts Council as a good place, or one of the best places, to work. 71% also said they'd speak highly of the organisation if asked and 70% said their job gave them the opportunity to do challenging and interesting work. 77% said they understood how their work contributes to our 10-year strategy, although the figures for feeling valued and feeling like they belong – both at 59% were lower. 58% of colleagues did not feel their workload was high, but 40% did.

Across the 2023/24 financial year, we delivered the equivalent of over 1,000 days of training through both internal and external provision on subjects ranging from equality, diversity and inclusion, to funding programmes and leadership. EDI Learning and Development courses which were rolled out in the year included course modules for senior leaders to become disability access leads, a general introduction to disability and neurodiversity inclusion, equality impact assessments, inclusive leadership and Plain English. In addition to these scheduled offerings, we supported 165 individual and team training and development requests. We developed a capability framework identifying the skills, knowledge and behaviours needed to deliver the cultural development detailed in *Let's Create* and we also crystallised our intentions to embed a coaching culture across the organisation throughout 2024.

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

TRADE UNION FACILITY TIME

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

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

The information for Arts Council England is as follows:

Relevant union officials

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

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL-TIME EQUIVALENT EMPLOYEE NUMBER
14	13.5

Percentage of time spent on facility time

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

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

Percentage of pay bill spent on facility time

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

Total cost of facility time	£37,137
Total pay bill	£34,671,495
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.11%

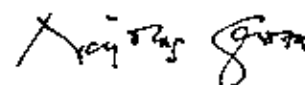
Paid trade union activities

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

24 JULY 2024



Sir Nicholas Serota CH
Chair

24 JULY 2024



07.

Strategic report

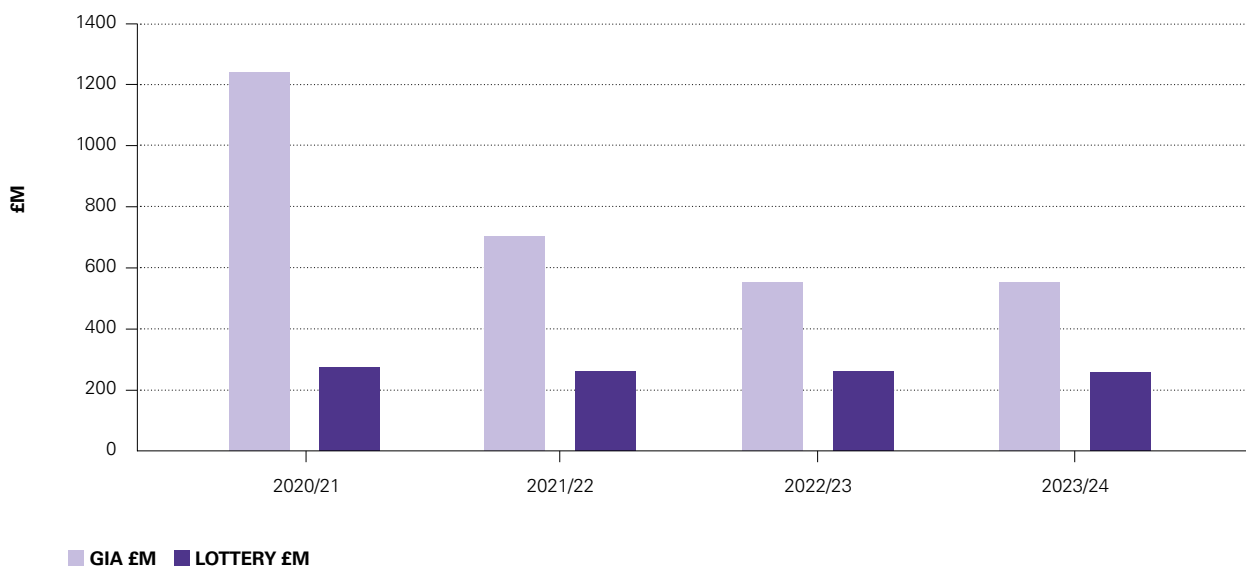


STRATEGIC REPORT GRANT-IN-AID

Our income

Arts Council England receives Grant-in-Aid from the Department for Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £548 million for the year (2022/23: £540 million), which included £384 million for various revenue grants programmes and £63.3 million of capital funds to allocate as grants. It also included funding from the Department for Education of £81.2 million (2022/23: £82.1 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last five years. Lottery income has remained fairly level throughout the period; Grant-in-Aid income stayed at broadly the same level between 2022/23 and 2023/24.

OUR INCOME (£m)



GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2023/24:

PROGRAMME	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
Sadlers Wells	2.43	–
Coventry/Bradford city culture	4.63	5.50
Cultural Development Fund	1.16	17.46
Regional Museums	–	22.60
CIF Libraries	–	5.00
Grassroot music	2.30	–
Competent Authority	0.02	–
Music Hubs – DfE	77.58	–
NYMO – DfE	0.53	–
NYDC	0.20	–
Sorrell National Art & Design clubs	0.13	–
Museums and Schools	1.20	–
Other Capital Grants	12.71	–

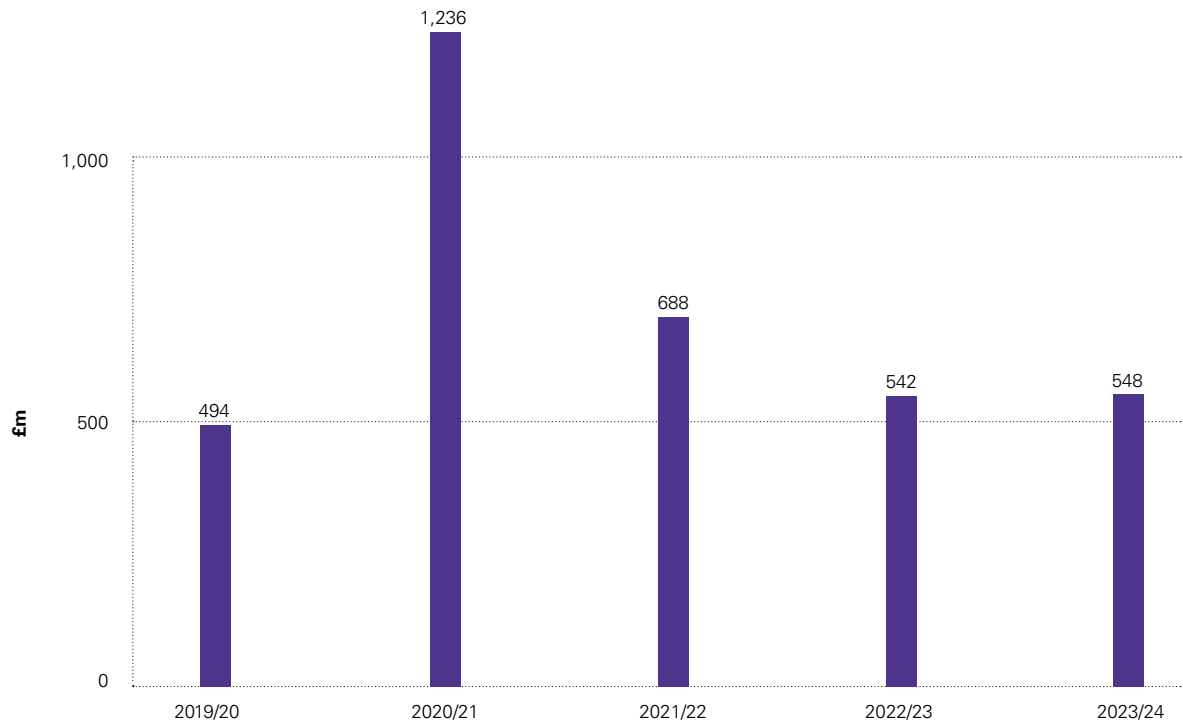
GRANT-IN-AID EXPENDITURE

Our expenditure during 2023/24 remained broadly consistent with the prior year. Grant-in-Aid expenditure was highest in 2020/21 as a result of the Government's Covid-19-related Culture Recovery Fund programme.

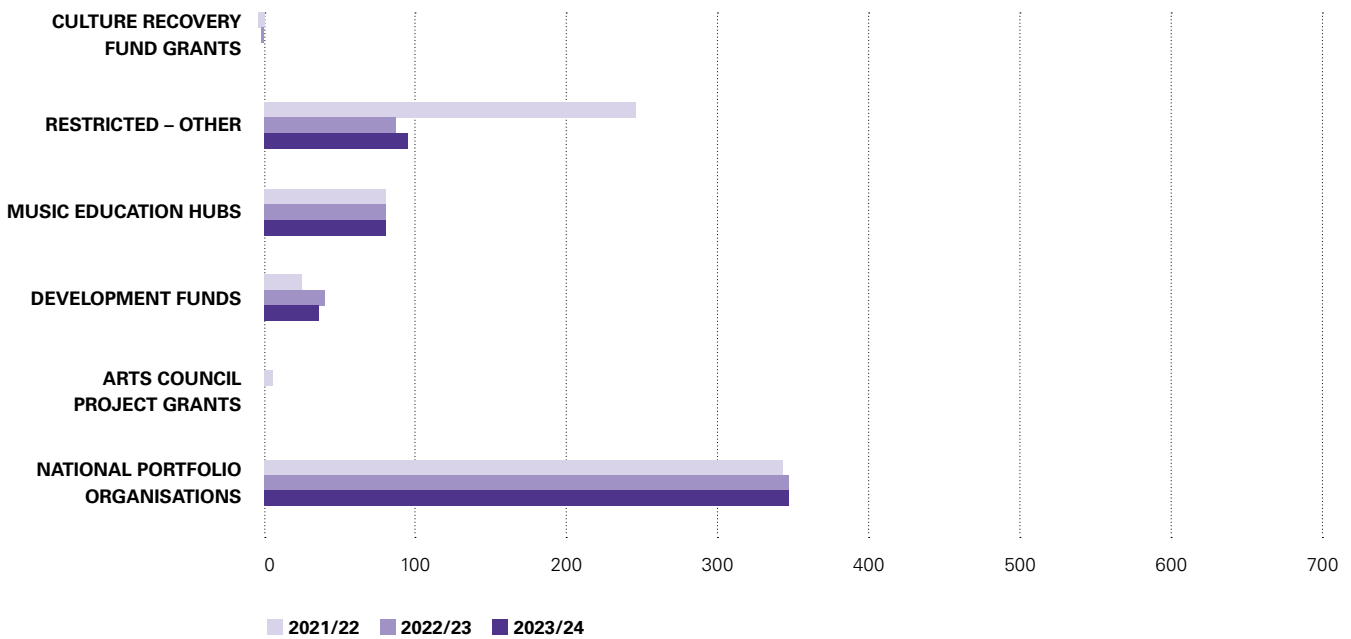
During 2023/24 £347 million was awarded to National Portfolio Organisations (2022/23: £347 million), £78 million to Music Education Hubs (2022/23: £78 million) and £94 million in other Restricted grants (2022/23: £83 million).



GRANT-IN-AID EXPENDITURE 2020-2024



GRANT-IN-AID EXPENDITURE (£m)



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

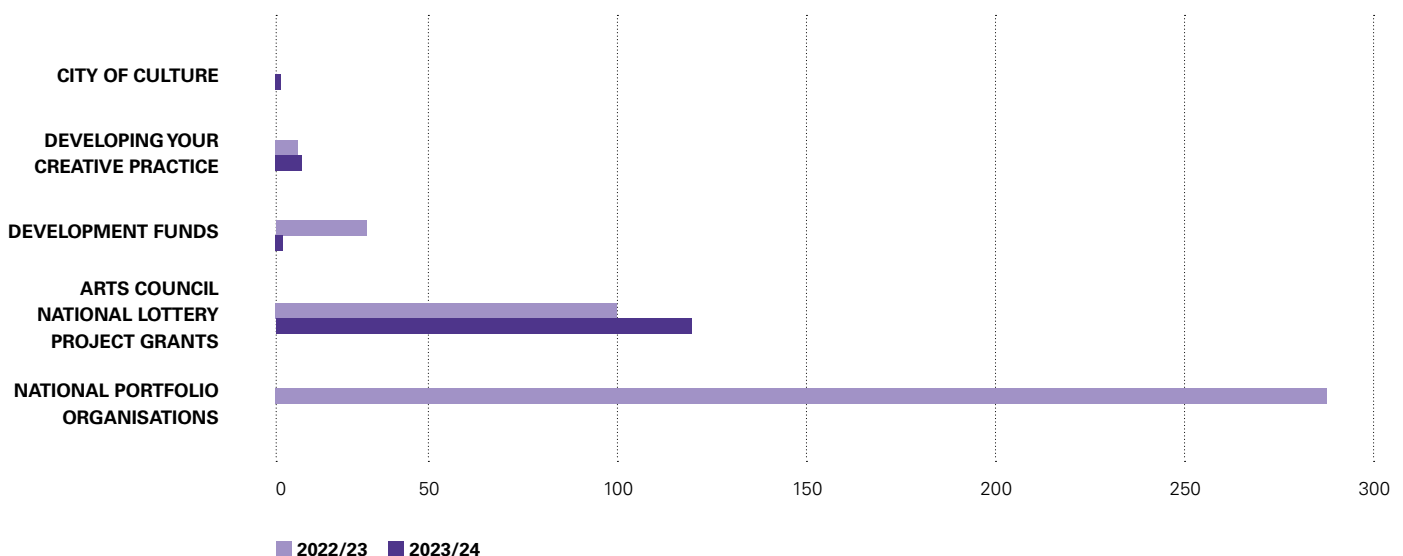
Our out-turn against our revenue DEL budgets, set by DCMS, is a £446,000 underspend (2022/23: £350,000 underspend). However, the Statement of Financial Activities shows net income for the year of £1,853,000 (2022/23: net income of £475,000).

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

At 31 March 2024, Arts Council England had unrestricted reserves of £1,581,000 (2022/23: £946,000) together with £10.1 million (2022/23: £9.8 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2023/24 were £83,000 including VAT (2022/23: £78,000 including VAT). Full details in relation to financial instruments are given in Note 26 to the Grant-in-Aid accounts.

LOTTERY PROGRAMME EXPENDITURE (£m)



Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £192 million (2022/23: £428 million).

At year-end, a total of £339 million (2022/23: £420 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £175 million (2022/23: £212 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £339 million of Lottery grant commitments are known to be spread over a three-year period from 1 April 2024 to 31 March 2027.

Actual proceeds from the National Lottery received in 2023/24 were £241 million, lower than the £247 million received in 2022/23.

Our Lottery balance policy states that we should maintain a cash reserve of at least £25 million in each year over the period to March 2025. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible as the sector recovers from the pandemic.

Our Lottery balance exceeds this amount at year-end due to the need to hold cash for grants with longer-term cashflow requirements beyond 31 March 2024.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2023/24 (see pages 178 to 198).

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

Fees payable to the National Audit Office for Lottery external audit services during 2023/24 were £69,000 (2022/23: £65,000).

CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2023/24 and 2022/23 financial years.

	2023/24 £000s	2022/23 £000s
INCOME		
Grant-in-Aid income	548,207	540,235
Share of the National Lottery Distribution Fund	240,513	246,755
Investment returns on the Distribution Fund	11,719	4,952
Other income	2,627	3,768
Total income	803,066	795,710
EXPENDITURE		
Net Grant-in-Aid grant commitments	518,657	514,462
Other Grant-in-Aid arts expenditure	8,165	4,123
Net Lottery grant commitments	187,871	427,254
Lottery Invoiced Arts expenditure	1,164	1,069
Support costs	40,433	42,722
Total expenditure	756,290	989,630
Net gains/(losses) on investments	(43)	16
Net income/(expenditure)	46,733	(193,904)
Actuarial gains/(losses) on defined benefit pension schemes	(762)	(571)
	(762)	(571)
Net movement in funds	45,971	(194,475)
Consolidated reserves brought forward	(198,317)	(3,842)
Consolidated reserves carried forward	(152,346)	(198,317)

Administration costs are 4.93 per cent of income (2022/23: 5.3 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £21.1 million, which is 3.83 per cent of income (2022/23: 3.53 per cent). Lottery administration (excluding one-off IT costs) totalled £18.54 million, which is 7.34 per cent of income (2022/23: 7.42 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

PLANS FOR THE FUTURE

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

To help us achieve this vision, we periodically publish delivery plans. These set out in more detail the steps we will take to deliver *Let's Create* and how we will resource them. The first Delivery Plan covering 2021-24 was published in September 2021 and was updated annually.

Our five themes for the first Delivery Plan arose out of our conversations with the Government and those working in the cultural sector, and were designed to focus on those areas viewed as being in most pressing need of attention and investment if we were to successfully navigate the new, post-pandemic landscape. The themes were:

1. A 'fit for the future' cultural sector
2. Supporting individuals
3. Strengthening our place-based approach and contributing to levelling up
4. Working internationally
5. How the Arts Council will change

The first Delivery Plan included an impact framework which sets out the measures we will use over the lifetime of *Let's Create* to assess progress towards our three long-

term Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country.

The framework also sets out the measures we will use to demonstrate progress on each of the five Themes in this Delivery Plan and how our delivery against these Themes contributes to the long-term changes set out in *Let's Create*.

We will be reporting on the progress made during the first Delivery Plan later in 2024/25.

A new Delivery Plan covering the 2024-27 period will be published in 2024, and will be structured around the three Outcomes of *Let's Create* and 'How the Arts Council will change'. The plan will continue to be updated annually.

GOING CONCERN ASSESSMENT

The Trustees confirm that the Financial Statements have been prepared on a 'Going Concern' basis. This assumption is based on the funding agreement agreed with the Department for Culture, Media and Sport for 2024/25 and the current income forecasts relating to the National Lottery Distribution Fund.

STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

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

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are

prepared in line with the Government Financial Reporting Manual. Both sets of accounts are also expected to:

- observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a consistent basis, and make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

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

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

- a meeting with the Chief Finance and Resources Officer to go through the financial controls
- attending Performance and Audit Committee meetings where internal audit reports are reviewed and other internal control matters are scrutinised

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

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

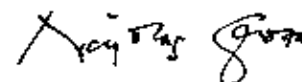
In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, The Hive, 49 Lever Street, Manchester, M1 1FN.



Dr Darren Henley CBE
Chief Executive

24 JULY 2024



Sir Nicholas Serota CH
Chair

24 JULY 2024





08.

Grant-in-Aid
accounts

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

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of the Arts Council England (Grant-in-Aid accounts) for the year ended 31 March 2024.

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

- The Balance Sheet as at 31 March 2024;
- Statement of Financial Activities, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's (Grant-in-Aid accounts) affairs as at 31 March 2024 and its total income/(expenditure) before other recognised gains and losses for the year then ended;
- have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

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

BASIS FOR OPINIONS

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

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*.

I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report but does not include the

financial statements and my auditor's report thereafter. The Trustees and Chief Executive are responsible for the other information.

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

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

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

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

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

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Royal Charter; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report,

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

- adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Performance Report and Accountability Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Secretary of State directions under the Royal Charter have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit and express an opinion on the financial statements in accordance with the applicable laws and International Standards on Auditing (UK) and the Charities Act 2011.

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

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies.
- inquired of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the Royal Charter, Charities Act 2011, and Managing Public Money
- inquired of management, the Arts Council England's head of internal audit and those charged with governance whether:
 - they were aware of any instances

- of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

I considered the controls in place at the Arts Council England to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I tested a sample of grant expenditure to gain assurance that grants had been spent on intended purposes.

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

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

Other auditor's responsibilities

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

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

Gareth Davies
Comptroller and Auditor General

24TH JULY 2024

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2024


	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2a	390,336	157,871	–	548,207	540,236
Investments	2b	–	–	21	21	15
Charitable activities	3	1,086	1,072	–	2,158	2,658
Other: Lottery distribution accounts	4	18,764	–	–	18,764	18,859
Total income and endowments		410,186	158,943	21	569,150	561,768
EXPENDITURE ON:						
Charitable activities (including governance costs)	4	389,865	158,625	–	548,490	542,448
Other: Support costs attributable to Lottery distributions accounts	4	18,764	–	–	18,764	18,859
Total expenditure		408,629	158,625	–	567,254	561,307
Net gains/(losses) on investments	9	–	–	(42)	(42)	16
Total income/(expenditure) before exceptional items		1,557	318	(21)	1,854	477
Total income/(expenditure) before other recognised gains and losses		1,557	318	(21)	1,854	477
OTHER RECOGNISED GAINS/LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	7	(763)	–	–	(763)	(571)
Net movement in funds	17	794	318	(21)	1,091	(94)
RECONCILIATION OF FUNDS						
Balance brought forward at 1 April		13,281	714	778	14,773	14,867
Total funds carried forward at 31 March		14,075	1,032	757	15,864	14,773

ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 105 TO 147 FORM PART OF THESE ACCOUNTS.

BALANCE SHEET AS AT 31 MARCH 2024

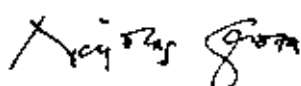
	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2024 £000s	TOTAL 31 MARCH 2023 £000s
FIXED ASSETS						
Tangible assets	10	3,155	–	–	3,155	3,276
Heritage assets – Works of Art Collection	10	9,339	–	–	9,339	9,058
Investments	9	–	–	757	757	778
Total fixed assets		12,494	–	757	13,251	13,112
CURRENT ASSETS						
Debtors	12	–	174,218	–	174,218	121,237
Due from Arts Council Lottery accounts		4,139	–	–	4,139	5,195
Grants paid in advance	13	4,652	101	–	4,753	–
Cash and cash equivalents		20,522	12,251	–	32,773	58,112
Total current assets		29,313	186,570	–	215,883	184,544
LIABILITIES:						
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Grants outstanding	14	21,130	183,777	–	204,907	175,098
Creditors	15	5,502	1,761	–	7,263	5,599
Total creditors: amounts falling within one year		26,632	185,538	–	212,170	180,697
Net current assets		2,681	1,032	–	3,713	3,847
Total assets less current liabilities		15,175	1,032	757	16,964	16,959
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
Provisions for liabilities and charges	16	1,100	–	–	1,100	2,186
Net assets excluding pension liability		14,075	1,032	757	15,864	14,773
Defined benefit pension scheme liability	7	–	–	–	–	–
Net assets including pension liability		14,075	1,032	757	15,864	14,773
THE FUNDS OF THE CHARITY						
<i>Represented by income funds</i>						
Unrestricted fund	17	1,581	–	–	1,581	947
Restricted fund	17	–	1,032	–	1,032	714
<i>Represented by capital funds</i>						
Endowment funds		–	–	757	757	778
Designated fund		9,339	–	–	9,339	9,058
Donated asset reserve		–	–	–	–	–
Capital reserve		3,155	–	–	3,155	3,276
Pension reserve	7	–	–	–	–	–
Total charity funds		14,075	1,032	757	15,864	14,773

THE NOTES ON PAGES 105 TO 147 FORM PART OF THESE ACCOUNTS.



Dr Darren Henley CBE
Chief Executive

24 JULY 2024



Sir Nicholas Serota CH
Chair

24 JULY 2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	2023/24 £000s	2022/23 £000s
CASH FLOWS FROM OPERATING ACTIVITIES :			
Funds received from the Department for Culture, Media and Sport		495,330	524,307
Other cash receipts		21,872	22,732
Grants paid to arts organisations and other bodies		(493,601)	(519,978)
Cash paid to and on behalf of employees		(35,283)	(35,735)
Other cash payments		(13,199)	(10,606)
Net cash provided by/(used in) operating activities	18	(24,881)	(19,280)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on short-term cash deposits		9	3
Dividends received		12	12
Purchase of tangible fixed assets		(459)	(953)
Sale of tangible fixed assets		–	–
Net cash provided by/(used in) investing activities		(438)	(938)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Endowment Income/(Investments)		(21)	(15)
Net cash provided by/(used in) financing activities		(21)	(15)
Change in cash and cash equivalents in the reporting period	19	(25,340)	(20,233)
Cash and cash equivalents at the beginning of the reporting period		58,112	78,345
Cash and cash equivalents at the end of the reporting period		32,772	58,112

THE NOTES ON PAGES 105 TO 147 FORM PART OF THESE ACCOUNTS.

NOTES TO THE GRANT-IN-AID ACCOUNTS

1a. BASIS OF ACCOUNTS

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

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

Arts Council England no longer owns any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on [page 93](#).

1b. INCOME

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

1c. EXPENDITURE

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

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

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

1d. DEPRECIATION AND FIXED ASSETS

Tangible fixed assets excluding heritage assets

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

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

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Except for heritage assets, all individual assets valued greater than £2,000 are capitalised. There is no *de minimis* limit for heritage assets.

Heritage assets

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

Works of Art Collection

The Works of Art Collection is accounted for on the historic cost basis. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are recorded at cost and donations are recorded with a nil value to represent the financial investment in the works.

1e. LEASES

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

1f. TAXATION

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

1g. PENSIONS

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

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

1h. APPORTIONED COSTS

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

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

1i. CHANGE IN ACCOUNTING POLICY

There have been no changes in accounting policy during 2023/24.

1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. There has been no impact on the accounts. Further information on our financial instruments is disclosed within Note 26.

1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

2 INCOME

2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
DONATIONS AND LEGACIES					
CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL					
Core funding – revenue	373,781	–	–	373,781	363,040
Administration	16,138	4,446	–	20,584	20,433
Core capital	417	–	–	417	954
Ring-fenced funds	–	153,425	–	153,425	155,809
	390,336	157,871	–	548,207	540,236
OTHER DONATIONS AND LEGACIES					
Donations/bequests	–	–	–	–	–
Donations and legacies income	390,336	157,871	–	548,207	540,236

2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
INVESTMENT INCOME					
Bank interest received	–	–	9	9	3
Dividend income	–	–	12	12	12
Investment income	–	–	21	21	15

3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
GRANTS, SPONSORSHIPS AND DONATIONS RECEIVED				
Local Authorities	5	82	87	169
Non-government bodies	–	–	–	1
Other central Government bodies	1,006	315	1,321	1,949
Public Corporations	5	–	5	–
Sundry	70	675	744	539
Net incoming/(outgoing) resources for the year	1,086	1,072	2,157	2,658

4. ANALYSIS OF EXPENDITURE

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

4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
National Portfolio Organisations	–	342,652	4,146	346,798	346,771
Arts Council National Lottery Project Grants	–	1,440	34	1,474	966
Development and investment funds	8,165	21,606	5,222	34,993	38,050
Music Education Hubs	–	76,049	2,034	78,083	78,071
Restricted – Other	–	83,457	10,232	93,689	82,622
Lapsed and revoked commitments	–	(6,547)	–	(6,547)	(4,032)
	8,165	518,657	21,668	548,490	542,448

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

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

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the Hub. Hubs are coordinated by the Hub Lead Organisation, which takes on responsibility for the funding and governance of the Hub. The total amount of funding from the Department for Education in 2023/24 was £78.08 million (2022/23: £78.07 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These are also disclosed in the Strategic Report on [page 88](#).

4b. ANALYSIS OF SUPPORT COSTS

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

	TOTAL SUPPORT COSTS 22/23 £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2023/24 £000s	TOTAL GRANT-IN-AID 2022/23 £000s
Staff costs	31,914	(14,818)	17,096	19,123
Indirect staff costs	887	59	946	793
Premises	1,874	(1,030)	844	1,066
Supplies & Services	2,540	(1,221)	1,319	1,378
Travel & Subsistence	882	(379)	503	328
Professional Fees	1,883	(734)	1,149	911
Central Costs	(260)	(169)	(429)	143
Depreciation	300	–	300	468
Other recharges	–	(250)	(250)	(457)
IT project costs	413	(221)	192	109
	40,433	(18,763)	21,670	23,862
Corporate governance costs included above	–	–	1,329	1,233

4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
National Portfolio Organisations	342,652	–	342,652	340,659
Arts Council National Lottery Project Grants	523	916	1,440	696
Development and investment funds	21,524	83	21,606	26,649
Music Education Hubs	76,049	–	76,049	76,105
Culture Recovery Funds	–	–	–	–
Restricted – Other	83,457	–	83,457	74,384
Lapsed and revoked commitments	(6,547)	–	(6,547)	(4,032)
	517,658	999	518,657	514,461

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

5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2023/24 £000s	TOTAL 2022/23 £000s
STAFF COSTS COMPRISE					
Salaries and wages	26,702	2,849	(11,520)	12,333	12,900
Employer's National Insurance	2,690	281	(1,149)	1,260	1,244
Employer's pension contributions	4,621	489	(1,983)	2,149	2,102
Redundancy Costs	208	–	–	208	115
Agency staff	300	20	(166)	114	306
	34,521	3,639	(14,818)	16,064	16,667

In 2022/23 there was a £1.9 million lump sum payment made to the Art's Council Retirement Plan pension fund to reduce the pension deficit. Salary costs were lower this year due to a lower lump sum payment of £1.2m being made to the pension fund.

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

	PERMANENT STAFF	AGENCY STAFF	2023/24	2022/23
Direct delivery of programmes	8	–	8	10
Support & corporate governance	612	5	617	630
	620	5	625	640

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

	PERMANENT STAFF	AGENCY STAFF	2023/24	2022/23
Direct delivery of programmes	9	–	9	11
Support & corporate governance	663	7	670	689
	672	7	679	700

5b. EMOLUMENTS BY BANDS

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

EMOLUMENTS FOR THE YEAR	PENSION SCHEME			TOTAL 2023/24	TOTAL 2022/23
	DEFINED BENEFIT	DEFINED CONTRIBUTION	NO PENSION		
£60,000-£69,999	30	–	–	30	17
£70,000-£79,999	7	2	–	9	8
£80,000-£89,999	7	–	–	7	11
£90,000-£99,999	9	–	–	9	2
£110,000-£119,999	1	–	–	1	5
£120,000-£129,999	3	–	–	3	1
£130,000-£139,999	2	–	–	2	1
£140,000-£149,999	1	–	–	1	–
£150,000-£159,999	1	–	–	1	1
				63	46

5C COMPENSATION SCHEMES – EXIT PACKAGES

EXIT PACKAGE COST BAND	2023/24				2022/23	
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2023/24	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23
< £9,999	1	–	1	1	–	1
£10,000-£24,999	–	–	–	–	–	–
£25,000-£49,999	2	–	2	3	–	3
£50,000-£99,999	2	–	2	1	–	1
Total number of exit packages by type	5	–	5	5	–	5
Total resource cost £000	208	–	208	170	–	170

5d. CONSULTANCY FEES

The total consultancy fees for 2023/24 were £416,531 (2022/23: £288,917).

6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2023/24, the total cost of tickets purchased for this purpose was £1,218 (2022/23: £1,002). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in Note 8.

7. PENSIONS

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

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

WESTYORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 319,000 members in 394 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2024, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

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

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2024. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2024	31 MARCH 2023	31 MARCH 2022
Discount rate	4.8%	4.8%	2.8%
CPI inflation	2.6%	2.7%	3.1%
Rate of increase to pensions in payment	2.6%	2.7%	3.1%
Rate of increase to deferred pensions	2.6%	2.7%	3.1%
Rate of general increase in salaries	3.85%	3.95%	4.35%

ASSET ALLOCATION

	VALUE AT 31 MARCH 2024 %	VALUE AT 31 MARCH 2023 %
Equities	79.4%	81.3%
Property	2.8%	3.3%
Government bonds	8.5%	6.0%
Corporate bonds	4.2%	4.3%
Cash	1.8%	2.9%
Other	3.3%	2.2%
Total	100%	100%

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2024 £millions	VALUE AS AT 31 MARCH 2023 £millions	VALUE AS AT 31 MARCH 2022 £millions
Fair value of assets	54.805	48.741	48.453
Present value of funded liabilities	(33.787)	(34.272)	(42.979)
Unrecognised asset*	(21.018)	(14.469)	(5.069)
Pension liability recognised on the balance sheet	0.000	0.000	0.405

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

AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
OPERATING COST:		
Current service cost	0.094	0.155
Past service cost	0.000	0.000
FINANCING COST:		
Interest on net defined benefit liability/(asset)	(0.706)	(0.176)
Interest on unrecognised asset	0.695	0.000
Pension expense recognised in other comprehensive income	0.083	(0.021)

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Asset gains/(losses) arising during the period	5.095	(0.671)
Liability gains/(losses) arising during the period	0.692	8.754
Adjustment in respect of paragraph 28.22 FRS102	(5.854)	(9.101)
Total amount recognised in other comprehensive income	(0.067)	(1.018)

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

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Opening defined benefit obligation	34.272	42.979
Current service cost	0.094	0.155
Past service cost	0.000	0.000
Interest expense on defined benefit obligation	1.610	1.185
Contributions by participants	0.032	0.031
Actuarial (gains)/losses on liabilities	(0.692)	(8.754)
Net benefits paid out	(1.529)	(1.324)
Closing defined benefit obligation	33.787	34.272

CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Opening fair value of assets	48.741	48.453
Interest income on assets	2.316	1.361
Remeasurement gains/(losses) on assets	5.095	0.075
Contributions by the employer	0.150	0.145
Contributions by participants	0.032	0.031
Net benefits paid out*	(1.529)	(1.324)
Net increase in assets from disposals/acquisitions	0.000	0.000
Closing fair value of assets	54.805	48.741

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

ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2024 £millions	PERIOD ENDING 31 MARCH 2023 £millions
Interest income of assets	2.316	1.361
Gain/(loss) on assets	5.095	(0.671)
Total amount recognised in other comprehensive income	7.411	0.690

At the beginning of the year transfer payments were still outstanding from Surrey for their 11 members who transferred in 2002. Negotiations with Surrey Pension Fund have been ongoing for several years and a bulk transfer payment of £2,854,401 was finally received in March 2024.

Amounts due to the West Yorkshire Pension Fund at 31 March 2024 were £15,759 (31 March 2023: £16,013).

ARTS COUNCIL RETIREMENT PLAN (1994)

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

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2024 was £232.1 million (2023: £206.5 million).

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

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

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

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

Amounts due to the fund at 31 March 2024 were £512,326 (31 March 2023: £482,928).

THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE, and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation. Amounts due to The People's Pension as at 31st March 2024 were £10,198 (2022/23: £11,985).

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2023/24 were £5,532,288 (including a lump-sum deficit reduction payment of £1,233,000 (2022/23: £6,178,661)). Employer contributions to The People's Pension were £92,288 (2022/23: £105,348).

Employer contributions made to the West Yorkshire Pension Fund during 2023/24 were £144,722 (2022/23: £144,460).

8. NET EXPENDITURE FOR THE YEAR

Total income of £1,852,981 (2022/23: £476,205) is stated after charging:

	TOTAL 2023/24 £000s	TOTAL 2022/23 £000s
Auditors' remuneration	83	78
Operating leases	1,127	1,266
Council members' travel, subsistence and hospitality for the 15 serving members during the year	27	7
Insurance: trustees' and senior officers' indemnity	12	20
Depreciation	300	468
Impairment	–	–

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT. THE OPERATING LEASES FIGURE FOR 2022/23 PREVIOUSLY INCLUDED COSTS WHICH RELATED TO ARTS COUNCIL LOTTERY. THIS HAS BEEN RESTATED SO THAT IT ONLY INCLUDES GRANT-IN-AID EXPENDITURE.

9. LEGACY BEQUESTS

Arts Council England is the beneficiary of two legacies: the Compton Poetry Fund and the Thornton Fund. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. Both legacies consist of a mixture of stocks/shares and cash. The Compton Poetry Fund consists of £359,000 in shares and £71,000 cash, and the Thornton fund consists of £65,000 in shares and £75,000 cash. Both legacies were incorporated into Arts Council England's

accounts during 2013/14. The values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2019/20, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this is currently £121,000 and consists entirely of cash. There are three other legacies with a total value of £66,000.

	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2023	456	140	118	64	778
Income received in-year	10	6	3	2	21
Gains/(losses) on investments	(36)	(6)	–	–	(42)
Expenditure	–	–	–	–	–
Closing balance – 31 March 2024	430	140	121	66	757

REPRESENTED BY:	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Cash	71	75	121	66	333
Investments	359	65	–	–	424
Closing balance – 31 March 2024	430	140	121	66	757

10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART 23/24	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2023	8,815	4,814	13,629	9,058	22,687
Additions	145	33	178	281	459
Revaluations	–	–	–	–	–
Less: disposals	–	–	–	–	–
Cost or valuation at 31 March 2024	8,960	4,847	13,807	9,339	23,146
Depreciation at 1 April 2023	5,836	4,517	10,353	–	10,353
Less depreciation on disposals	–	–	–	–	–
Impairment	–	–	–	–	–
Provided for 2023/24	136	164	300	–	300
Depreciation at 31 March 2024	5,972	4,681	10,653	–	10,653
Net book value at 31 March 2024	2,988	166	3,154	9,339	12,493
Net book value at 31 March 2023	2,979	297	3,276	9,058	12,334

WORKS OF ART – ARTS COUNCIL COLLECTION

Valuation

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

The Arts Council Collection has been built up since 1946 and consists of 8,171 items on 31 March 2024. The Arts Council Collection is held on the historic cost basis. The collection consists of purchased and donated assets. There are 403 donated items on 31 March 2024 which are valued at nil as per the historic cost basis.

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

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

	2023/24 £000s	2022/23 RESTATED £000s	2021/22 RESTATED £000s	2020/21 RESTATED £000s	2019/20 RESTATED £000s
Cost or valuation at 1 April	9,058	8,825	8,525	8,179	7,941
Additions	281	233	300	346	238
Donations	–	–	–	–	–
Revaluations	–	–	–	–	–
Less: impairment	–	–	–	–	–
Less: disposal	–	–	–	–	–
Cost or valuation at 31 March	9,339	9,058	8,825	8,525	8,179

Further information on the heritage assets collection, preservation and management can be found on [page 42](#).

11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2024, £4,139,434 was owed by Lottery to Grant-in-Aid (2022/23: £5,195,200).

12. DEBTORS

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Trade debtors	95	1,631
DCMS debtors	171,458	118,582
Other debtors	129	133
Prepayments and accrued income	2,535	891
	174,218	121,237

13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. Advances of £4,753,091 were made during 2023/24 (2022/23: £0).



14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2023/24. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2024 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
2023/24	–	394,031
2024/25	411,555	353,735
2025/26	348,693	343,732
2026/27	50	–
	760,298	1,091,498

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Trade creditors	3,784	2,656
Other creditors including taxes and social security	63	200
Accruals	1,866	1,570
Deferred income	1,550	1,172
	7,263	5,598

16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	PENSION DEFICIT £000s	TOTAL £000s
At 31 March 2023	1,032	3	1,151	2,186
Arising during the year	67	–	–	67
Used during the year	–	(2)	(1,151)	(1,153)
Reversed unused	–	–	–	–
At 31 March 2024	1,099	1	–	1,100
EXPECTED TIMING OF CASH FLOWS				
Provisions due within one year	960	1	–	961
Provisions due in more than one year	139	–	–	139

DESCRIPTION OF PROVISIONS

a) Dilapidations

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

b) Tax

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

c) Pensions deficit

Provision for deficit payments owed to the Art's Council Retirement Plan defined benefit pension scheme to cover liabilities arising from past service cost.

17. RECONCILIATION OF MOVEMENT IN FUNDS

	AT 31 MARCH 2023 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2024 £000s
Endowment funds	778	21	–	(42)	–	757
Restricted funds	714	158,943	(158,625)	–	–	1,032
Unrestricted income funds	947	409,727	(408,330)	(763)	–	1,581
CAPITAL FUNDS						
Designated funds	9,058	281	–	–	–	9,339
Capital reserve	3,276	178	(300)	–	–	3,155
Pension reserve	–	–	–	–	–	–
	14,773	569,151	(567,255)	(805)	–	15,864

DESCRIPTION OF FUNDS

Endowment funds

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

Restricted funds

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

Unrestricted income funds

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

Capital funds**a) Designated funds**

This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

b) Revaluation reserve

This fund shows the difference between the original purchase cost (which is shown within Designated Funds above) and the current market value of the Arts Council Collection.

c) Donated asset reserve

This fund relates mainly to donations received by the Arts Council for obtaining Works of Art for our Collection.

d) Capital reserve

The capital reserve represents the balance of tangible assets.

e) Pension reserve

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

18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2023/24 £000s	2022/23 £000s
Net income/(expenditure)	1,853	477
Interest receivable	(9)	(3)
(Profit)/Loss on disposal of Fixed Assets	–	2
Dividends received	(12)	(12)
Depreciation and impairment charges	300	468
(Gains)/losses on investments	43	(15)
Decrease/(increase) in debtors and prepayments	(51,926)	(14,715)
Decrease/(Increase) in grants paid in advance	(4,753)	–
Increase/(decrease) in grants outstanding	29,809	(5,517)
(Decrease)/Increase in creditors	1,664	(822)
(Decrease)/Increase in provisions	(1,086)	1,024
(Decrease)/Increase in defined benefit liability	(762)	(167)
Net cash provided by/(used in) operating activities	(24,880)	(19,280)

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2023/24 £000s	2022/23 £000s
(Decrease)/increase in cash and cash equivalents in the year	(25,340)	(20,233)
Cash at 1 April 2023	58,112	78,345
Cash at 31 March 2024	32,772	58,112

20. ANALYSIS OF NET CASH

	1 APRIL 2023 £000s	CASH FLOW £000s	31 MARCH 2024 £000s
Cash at bank	58,112	(25,340)	32,772

21. LEASES

At 31 March 2024, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
within one year	565	1,511
within two and five years inclusive	2,287	2,537
over five years	–	–
	2,852	4,048

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

22. SOUTHBANK CENTRE LEASE

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

23. ROYAL NATIONAL THEATRE LEASE

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

24. CAPITAL COMMITMENTS

As at 31 March 2024, the total value of capital commitments was £nil (2022/23: £nil).

25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. No losses were incurred and no special payments were made during 2022/23.

	2023/24 £000s	2022/23 £000s
Total value of losses and special payments	43	–
Total number of losses and special payments	6	–

26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Culture, Media and Sport (99.60 per cent) (2022/23: 99.51 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (96.69 per cent) (2022/23: 96.64 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of several legacies including the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £756,822 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Culture, Media and Sport (DCMS) in 2018.

In the past 12 months, 0.39% of funding was received from sources other than DCMS and 0.01% was generated from cash balances. This means that 99.60% of funding is sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

26b. INTEREST RATE RISK

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

26c. FOREIGN CURRENCY RISK

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

26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
DCMS debtor	171,458	118,582
Trade debtors	95	1,631
Other debtors	129	133
Accrued income	2,535	891
Due from Arts Council Lottery accounts	4,139	5,195
Cash at bank and in hand	32,772	58,112
	211,128	184,544

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

26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Grants outstanding	204,907	175,099
Trade creditors	3,784	2,656
Other creditors including taxes and social security	63	200
Accruals	1,866	1,570
Deferred income	1,550	1,172
	212,170	180,697

27. RELATED PARTIES

27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant

applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	30	55	–	Britten Sinfonia	Family member is Board Member
	115	–	–	CoMA Contemporary Music for All	Family member is Trustee
	50	–	–	NMC Recordings Ltd	Family member is Donor/Lender/Trustee
	–	–	5	Tate Gallery	Curator
Abigail Pogson	3,577	63	–	North Music Trust	Managing Director
Andrew Miller MBE	25	91	65	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	10,125	10,213	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	–	8	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	177	5	–	British Youth Music Theatre	Family member is a designer
	7	–	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	612	10	–	Clare Leadership Programme	Advisor/Consultant
	244	25	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	166	255	5	Local Government Association (LGA)	Advisor/Consultant
	16,010	750	–	Royal Shakespeare Company	Trustee and Governor
	320	–	–	Screen South	Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	28	5	–	The Audience Agency	Advisor/Consultant
	15	5	–	The Space	Board Member and Advisor/Consultant
	4,000	–	–	Welsh National Opera	Trustee
Annabel Turpin	374	–	–	Stockton Arts Centre Ltd	Executive Director of organisation
	642	–	–	Sunderland Culture	Board Member
	602	150	–	Tees Valley Combined Authority	Board Member
	1,179	794	–	Oldham Council	Partner is employee

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
David Bryan CBE	719	–	–	Battersea Arts Centre	Chair of organisation
	–	–	5	British Council	Chair of the British Council's Arts and Creative Economy Advisory Group
	–	200	–	Creative Lives Charity Limited	Chair of organisation
	700	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch	–	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	–	–	37	Art Fund	Freelands Foundation Organisation
	–	25	–	Artcore	Freelands Foundation Organisation
	1,013	–	–	Autograph ABP	Freelands Foundation Organisation
	25	3	–	Bath Spa University	Freelands Foundation Organisation
	307	60	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	600	–	–	Camden Arts Centre	Freelands Foundation Organisation
	244	–	–	Cement Fields	Freelands Foundation Organisation
	168	–	–	Chisenhale Gallery	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Board Member
	466	–	–	Derby QUAD Ltd	Freelands Foundation Organisation
	2,236	–	17	English Stage Company Limited	Sister Group Ltd, founded by Elisabeth, funds this organisation
	–	413	–	Firstsite Ltd	Freelands Foundation Organisation
	219	–	–	Focal Point Gallery	Freelands Foundation Organisation
212	20	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	264	–	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,619	1,031	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	274	-		MAIA	
	10	-		Manchester Metropolitan University	
	390	-		MK Gallery	
	2	1	–	National Art Collections Fund	Freelands Foundation Organisation
	35	71	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation. Coinvestor with ACE in Arts & Culture Impact Fund, managed by this company
	1,269	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	–	–	Primary	Freelands Foundation Organisation
	578	578	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	68	–	–	Studio Voltaire	Freelands Foundation Organisation
	–	–	5	Tate Gallery	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
1,288	811	–	Towner Art Gallery & Museum	Freelands Foundation Organisation	
290	–	–	Triangle Arts Trust	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	6,597	3,131	–	Tyne & Wear Archives & Museums	Freelands Foundation Organisation
	249	141	–	University of Wolverhampton	Freelands Foundation Organisation
	1,438	–	–	Whitechapel Gallery	Freelands Foundation Organisation
	185	185	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	1,652	–	–	Wiltshire Creative	Board Member
Paul Roberts OBE	37	–	–	Department for Education	Group member
	–	56	–	Durham University	Commissioner
	1,024	–	–	Nottingham Contemporary	Board Member
	18	–	–	Nottingham Music Service	Steering Group Member
Sally Shaw MBE	–	413	–	Firstsite Ltd	Executive Director
Sukhy Johal MBE	996	–	–	Lincolnshire Music Service	Advisory Board Member
	262	14	–	The University of Lincoln	Employee
	236	–	–	Threshold Studios	Family member is employee
Veronica Wadley (Baroness Fleet CBE)	5,775	–	495,330	Department for Culture, Media and Sport	Chair, Advisory Panel for National Plan for Music Education 2022
	37	–	–	Department for Education	Chair, Advisory Panel for National Plan for Music Education 2022
William Bush CBE	2,180	5	–	English Touring Opera	Deputy Chair / Board Member
YolanDa Brown OBE	1,830	–	–	London Philharmonic Orchestra	Advisory Board Member
	330	330	–	PRS for Music Foundation	Board Member
	18,852	5,003	–	Southbank Centre	Advisory Board Member
	–	3	–	The National Foundation for Youth Music	Chair

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	644	289	–	Britten Sinfonia	Family Member is Board Member
Abigail Pogson	3,841	250	–	North Music Trust	Managing Director
Andrew Miller MBE	60	69	–	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	12	–	3	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	1	6	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	1,615	42	–	Coventry City of Culture Trust	Advisor/Consultant
	–	–	125	Department for Work and Pensions	Appointed UK Disability Champion Arts & Culture
	194	–	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	575	–	–	Graeae Theatre Company Ltd	Advisor/Consultant
	124	90	–	Local Government Association (LGA)	Advisor/Consultant
	1,380	230	–	Nottingham Playhouse Trust Limited	Family Member is Employee
	15,260	–	–	Royal Shakespeare Company	Trustee and Governor
	294	–	–	Shape Arts	Advisor/Consultant
	102	–	–	Tete a Tete	Advisor/Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	949	132	–	The Audience Agency	Advisor/Consultant
	159	9	–	The Space	Board Member and Advisor/Consultant
1,341	113	–	University of Oxford	Advisor/Consultant	
268	99	–	Unlimited	Advisor/Consultant	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
David Bryan CBE	707	–	–	Battersea Arts Centre	Chair of organisation
	1,069	850	–	Creative Lives Charity Limited	Chair of organisation
	484	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch	217	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	413	25	–	Artcore	Freelands Foundation Organisation
	60	69	–	Arts Council of Wales	Freelands Foundation Organisation
	3,038	253	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	1	–	–	Bath Spa University	Freelands Foundation Organisation
	150	150	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	937	–	–	Camden Arts Centre	Freelands Foundation Organisation
	81	–	–	Counterpoints Arts	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Freelands Foundation Organisation
	814	300	–	Donmar Warehouse Projects Ltd	Board Member
	2,354	196	69	English Stage Company Limited	Freelands Foundation Organisation
	1,526	697	–	Firstsite Ltd	Freelands Foundation Organisation
	190	–	–	Focal Point Gallery	Freelands Foundation Organisation
	102	–	–	Hastings Contemporary	Freelands Foundation Organisation
	62	6	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation
	1,030	1	–	Ikon Gallery	Freelands Foundation Organisation
233	–	–	Institute of International Visual Arts	Freelands Foundation Organisation	
613	–	–	John Hansard Gallery	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	296	–	–	Kettle's Yard	Freelands Foundation Organisation
	1,619	1,571	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	10	–	3	Manchester Metropolitan University	Freelands Foundation Organisation
	390	–	–	MK Gallery	Freelands Foundation Organisation
	909	–	–	Modern Art Oxford	Freelands Foundation Organisation
	16	1	–	National Art Collections Fund	Freelands Foundation Organisation
	–	46	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	869	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	111	93	–	Nottingham Trent University	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	41	–	Primary	Freelands Foundation Organisation
	46	307	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	342	13	–	Serendipity	Freelands Foundation Organisation
	815	–	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	51	–	–	Tannery Arts Limited	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	923	–	–	The Hepworth Wakefield	Freelands Foundation Organisation
233	233	–	The Public Catalogue Foundation	Freelands Foundation Organisation	
871	505	–	Towner Art Gallery & Museum	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	290	–	–	Triangle Arts Trust	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	241	42	–	University of the Arts London	Freelands Foundation Organisation
	465	–	–	Wysing Arts Centre	Freelands Foundation Organisation
	1,511	111	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,301	–	–	Wiltshire Creative	Board Member
Jamie Njoku-Goodwin	1,429	–	–	Britten Pears Arts	Trustee
	12,608	–	–	English National Opera	Advisory Board Member
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	2,080	173	–	London Philharmonic Orchestra	Board Director
Kate Willard	–	–	542,596	Department for Culture, Media and Sport	Board Member
Paul Roberts OBE	44	–	–	Department for Education	Group member
	–	56	–	Durham University	Commissioner
	1,024	–	–	Nottingham Contemporary	Board Member
	718	213	–	Nottingham Music Service	Board Member
Professor Roni Brown	244	–	–	Cement Fields	Affiliated through employer
	1,827	–	–	Contemporary Dance Trust	Affiliated through employer
	–	4	–	Farnham Maltings Association Ltd	Family member is Director
	233	–	–	Institute of International Visual Arts	Affiliated through employer
	682	–	–	Turner Contemporary	Affiliated through employer
	241	42	–	University of the Arts London	Employee
	175	175	–	Whitstable Community Museum and Gallery	Affiliated through employer

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sukhy Johal MBE	20	2	–	The University of Lincoln	Employee
	82	–	–	Threshold Studios	Family member is employee
YolanDa Brown OBE	1	–	–	BPI (British Recorded Music Industry) Limited	Chair of organisation
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	2,080	173	–	London Philharmonic Orchestra	Advisory Board Member
	20,177	1,591	–	Southbank Centre	Advisory Board Member
	31	3	–	The National Foundation for Youth Music	Chair of organisation

27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	177	5	British Youth Music Theatre	Family member is artist/practitioner
	–	78	University of Leeds	Advisor
	25	3	Creative Industries Federation	Advisor
	10	–	Manchester Metropolitan University	Financial donor
Emmie Kell	565	10	South West Museum Development	Partner Organisation
Michelle Walker	232	–	Southwark Council Arts Service	Employee
Navees Rahman	244	36	National Justice Museum	Co-opted member of Finance and Audit Committee
Peter Knott	1,949	–	Leicester Theatre Trust Ltd	Partner is a freelancer
Ruth Alaile	–	1	Yinka Danmole	Family Member
Simon Mellor OBE	25	3	Bath Spa University	Partner is employee

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	72	–	British Youth Music Theatre	Family member is artist/practitioner
	788	788	University of Leeds	Advisor
	11	–	Creative Industries Federation	Advisor until Sep/21
	10	–	Manchester Metropolitan University	Financial donor
Francis Runacres MBE	45	26	Outset Contemporary Art Fund	Board Member until Feb/19
Mags Patten	157	120	National Academy for Social Prescribing	Advisory group role until Jan/20
	19	4	University of Bath	Student at University
Navees Rahman	244	36	National Justice Museum	Co-opted member of Finance and Audit Committee until Feb/23
Richard Russell	–	6	Awards for Young Musicians	Donor/Lender
Simon Mellor OBE	1	–	Bath Spa University	Partner is employee

The declared interests of National Council members and Executive Board are available at the following link:

<https://www.artscouncil.org.uk/our-organisation/national-council>

The Remuneration Report ([page 76](#)) contains details of payments made to key personnel.



27c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport (DCMS) is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2024 £000s	DEBTOR 31 MARCH 2024 £000s	CREDITOR 31 MARCH 2023 £000s	DEBTOR 31 MARCH 2023 £000s
Balances with other DCMS Government bodies	1,150	30	3,719	1,432
Balances with other central Government bodies	661	9	25	143
Balances with academies	79	30	–	92
Balances with local authorities	89,382	7	72,744	–
Balances with NHS Trusts	3	–	10	–
Balances with public corporations and trading funds	71	–	46	–

During 2023/24, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE Y/E 31 MARCH 2024 £000s	INCOME Y/E 31 MARCH 2024 £000s	EXPENDITURE Y/E 31 MARCH 2023 £000s	INCOME Y/E 31 MARCH 2023 £000s
Transactions with other DCMS Government bodies	6,465	548,678	2,375	540,396
Transactions with other central Government bodies	8,959	889	5,012	640
Transactions with academies	419	194	384	89
Transactions with local authorities	105,332	36	99,256	46
Transactions with NHS Trusts	1	–	–	–
Transactions with public corporations and trading funds	35	5	–	–

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting

treatments, there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported surplus of £1,091,000 but our overall DEL underspend for the year was £446,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2024
Overspend/(Underspend as per SOFA)	(1,091)
EXCLUDE NON-DEL TRANSACTIONS	
FRS102 (Deficit)/Surplus	–
Gain on investments	(42)
Depreciation	(300)
Capital expenditure	459
Provisions adjustments	506
Legacy income	21
Donations	–
Legacy expenditure	–
DEL Underspend (excluding Depreciation)	(447)
REPRESENTED BY :	
RDEL underspend	(416)
CDEL underspend	(31)
	(447)

29. CONTINGENT LIABILITIES

As at 31 March 2024 one Employment tribunal case had been lodged against Arts Council England, which is yet to go to a full hearing. At this stage, Arts Council England believe that the case will be defended successfully and therefore no provision has been made in the Accounts.

30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

31 RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODIES**31A VICTORIA & ALBERT MUSEUM**

The Victoria & Albert Museum is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	750	–
Grant commitment in the year	–	750
Grant payments in the year	(600)	–
Closing grant creditor balance as at 31 March	150	750

31B BRITISH LIBRARY

The British Library is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	2,612	3,400
Grant commitment in the year	–	–
Grant payments in the year	(2,272)	(788)
Closing grant creditor balance as at 31 March	340	2,612

32C AWARDS FOR YOUNG MUSICIANS

Awards for Young Musicians is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	348	–
Grant payments in the year	(348)	–
Closing grant creditor balance as at 31 March	–	–

31D FILM LONDON

Film London is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	328	–
Grant payments in the year	(328)	–
Closing grant creditor balance as at 31 March	–	–

31E OLDHAM BOROUGH COUNCIL

Oldham Borough Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	615	–
Grant payments in the year	(461)	–
Closing grant creditor balance as at 31 March	154	–

31F LEICESTERSHIRE COUNTY COUNCIL

Leicestershire County Council is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	60	–
Grant commitment in the year	–	60
Grant payments in the year	(54)	–
Closing grant creditor balance as at 31 March	6	60

31G THE BARING FOUNDATION

The Baring Foundation is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	20	–
Grant payments in the year	(18)	–
Closing grant creditor balance as at 31 March	2	–

31H THE NATIONAL ACADEMY FOR SOCIAL PRESCRIBING

The National Academy for Social Prescribing is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2023/24 £000s	2022/23 £000s
TRANSACTIONS RECORDED IN THE ACCOUNTS:		
Opening grant creditor balance as at 1 April	–	–
Grant commitment in the year	250	–
Grant payments in the year	(30)	–
Closing grant creditor balance as at 31 March	220	–

32 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2023/24 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s
INCOME AND ENDOWMENTS FROM:								
Donations and legacies	390,336	157,871	–	548,207	380,334	159,902	–	540,236
Investments	–	–	21	21	–	–	15	15
Charitable activities	1,086	1,072	–	2,158	750	1,908	–	2,658
Other: Lottery distribution accounts	18,764	–	–	18,764	18,859	–	–	18,859
Total income and endowments	410,186	158,943	21	569,150	399,943	161,810	15	561,768
EXPENDITURE ON:								
Charitable activities (including Governance costs)	389,865	158,625	–	548,490	380,340	162,108	–	542,448
Other: Support costs attributable to Lottery distributions accounts	18,764	–	–	18,764	18,859	–	–	18,859
Total expenditure	408,629	158,625	–	567,254	399,199	162,108	–	561,307
Net gains/(losses) on investments	–	–	(42)	(42)	–	–	16	16
Total income/ (expenditure) before exceptional items	1,557	318	(21)	1,854	744	(298)	31	477
EXCEPTIONAL ITEMS								
Cost of fundamental reorganisation	–	–	–	–	–	–	–	–
Net income/ (expenditure)	1,557	318	(21)	1,854	744	(298)	31	477
TRANSFERS								
Gross transfers between funds	–	–	–	–	–	–	–	–
Total income/ (expenditure) before other recognised gains and losses	1,557	318	(21)	1,854	744	(298)	31	477
OTHER RECOGNISED GAINS/LOSSES								
Actuarial gains/(losses) on defined benefit pension schemes	(763)	–	–	(763)	(571)	–	–	(571)
Net movement in funds	794	318	(21)	1,091	173	(298)	31	(94)
RECONCILIATION OF FUNDS:								
Balance brought forward at 1 April	13,281	714	778	14,773	13,108	1,012	747	14,867
Total funds carried forward at 31 March	14,075	1,032	757	15,864	13,281	714	778	14,773

33 BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2024 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2023 £000s
FIXED ASSETS:								
Tangible assets	3,155	–	–	3,155	3,276	–	–	3,276
Heritage assets – Works of Art	9,339	–	–	9,339	9,058	–	–	9,058
Investments	–	–	757	757	–	–	778	778
Total fixed assets	12,494	–	757	13,251	12,334	–	778	13,112
CURRENT ASSETS								
Debtors	–	174,218	–	174,218	–	121,237	–	121,237
Due from Arts Council Lottery accounts	4,139	–	–	4,139	5,195	–	–	5,195
Grants paid in advance	4,652	101	–	4,753	–	–	–	–
Cash and cash equivalents	20,522	12,251	–	32,773	37,065	21,047	–	58,112
Total current assets	29,313	186,570	–	215,883	42,260	142,284	–	184,544
LIABILITIES								
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR								
Grants outstanding	21,130	183,777	–	204,907	33,897	141,201	–	175,098
Due to Arts Council Lottery accounts	–	–	–	–	–	–	–	–
Creditors	5,502	1,761	–	7,263	5,230	369	–	5,599
Total creditors: amounts falling due within one year	26,632	185,538	–	212,170	39,127	141,570	–	180,697
Net current assets	2,681	1,032	–	3,713	3,133	714	–	3,847
Total assets less current liabilities	15,175	1,032	757	16,964	15,467	714	778	16,959
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR								
Provisions for liabilities and charges	1,100	–	–	1,100	2,186	–	–	2,186
Net assets excluding pension liability	14,075	1,032	757	15,864	13,281	714	778	14,773
Defined benefit pension scheme liability	–	–	–	–	–	–	–	–
Net assets including pension liability	14,075	1,032	757	15,864	13,281	714	778	14,773
THE FUNDS OF THE CHARITY:								
REPRESENTED BY INCOME FUNDS								
Unrestricted fund	1,581	–	–	1,581	947	–	–	947
Restricted fund	–	1,032	–	1,032	–	714	–	714
REPRESENTED BY CAPITAL FUNDS								
Endowment funds	–	–	757	757	–	–	778	778
Designated fund	9,339	–	–	9,339	9,058	–	–	9,058
Donated asset reserve	–	–	–	–	–	–	–	–
Capital reserve	3,155	–	–	3,155	3,276	–	–	3,276
Pension reserve	–	–	–	–	14,469	–	–	14,469
Total charity funds	14,075	1,032	757	15,864	13,281	714	778	14,773

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

34. FUNDS HELD AS AGENT

The Culture Recovery Fund – Repayable Finance programme was designed to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but, due to the pandemic, were at clear risk of no longer trading viably by 31 March 2021 and had exhausted all other options for increasing their resilience. This is a DCMS Scheme which is being administered by Arts Council England who are acting as Agents on behalf of DCMS.

During 2023/24 transactions relating to the CRF-RF scheme were as follows;

	£000s
Amounts outstanding from CRF-RF loan recipients as at 1st April 2023	265,923
Interest and other charges during 2023-24	13,287
Repayments received during 2023-24	(4,250)
Amounts repaid back to DCMS during 2023-24	5,775
Amounts outstanding from CRF-RF loan recipients as at 31st March 2024	274,960



09.

Lottery
distribution
accounts



THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Arts Council England Lottery Distribution Account for the year ended 31 March 2024 under the National Lottery etc Act 1993.

The financial statements comprise the Arts Council England Lottery Distribution Account's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England Lottery Distribution Account's affairs as at 31 March 2024 and its total comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

OPINION ON REGULARITY

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

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit*

of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Arts Council England Lottery Distribution Account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England Lottery Distribution Account's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

The going concern basis of accounting for the Arts Council England Lottery Distribution Account is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

OTHER INFORMATION

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

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

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

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

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England Lottery Distribution Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

- adequate accounting records have not been kept by the Arts Council England Lottery Distribution Account or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

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

- maintaining proper accounting records.
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Arts Council England Lottery Distribution Account from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the National Lottery etc Act 1993;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the National Lottery etc Act 1993; and
- assessing the Arts Council England Lottery Distribution Account's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Chief Executive anticipates that the services provided by the Arts Council England Lottery Distribution Account will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England Lottery Distribution Account's accounting policies.
- inquired of management, Arts Council England Lottery Distribution Account's head of internal audit] and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England Lottery Distribution Account's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England Lottery Distribution Account's controls relating to the Arts Council England Lottery Distribution Account's compliance with the National Lottery etc Act 1993 and Managing Public Money;
- inquired of management, Arts Council England Lottery Distribution Account's head of internal audit] and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;

- they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the Arts Council England Lottery Distribution Account's framework of authority and other legal and regulatory frameworks in which the Arts Council England Lottery Distribution Account operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England Lottery Distribution Account. The key laws and regulations I considered in this context included the National Lottery etc Act 1993, and Managing Public Money

I considered the controls in place at the Arts Council England to prevent, detect and correct material irregularity of grant expenditure.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;

- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I tested a sample of grant expenditure to gain assurance that grants had been spent on intended purposes.

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

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

Other auditor's responsibilities

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

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

Gareth Davies Comptroller and Auditor General

24TH JULY 2024

National Audit Office

157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	31 MARCH 2024 £000	31 MARCH 2023 £000
INCOME			
Share of proceeds from the National Lottery Distribution Fund	2	240,513	246,755
Investment returns on the Distribution Fund	2	11,719	4,952
		252,232	251,707
Other income	3	448	1,095
Total income		252,680	252,802
EXPENDITURE			
Grant expenditure:			
Grant commitments made in the year		191,522	428,375
Less: lapsed and revoked commitments		(3,651)	(1,121)
Net grant commitments	10	187,871	427,254
Other expenditure:			
Other operating costs		32	–
Invoiced Arts expenditure		1,132	1,069
Costs apportioned from Grant-in-Aid accounts	6	18,764	18,859
Total expenditure		207,799	447,182
Total comprehensive expenditure for the year ended 31 March		44,881	(194,380)

ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.
THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

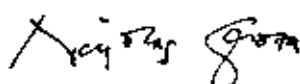
	NOTE	31 MARCH 2024 £000s	31 MARCH 2023 £000s
CURRENT ASSETS			
Trade and other receivables	9	11	9
Investments: balance in the National Lottery Distribution Fund	2	174,424	210,799
Cash and cash equivalents	14	1,050	962
Total current assets		175,485	211,770
CURRENT LIABILITIES			
Grant liabilities due within one year	10	203,034	191,274
Trade and other payables	11	83	108
Due to Grant-in-Aid accounts	19e	4,139	5,195
Total current liabilities		207,256	196,577
Net current (liabilities)/assets		(31,771)	15,193
NON-CURRENT LIABILITIES			
Grant liabilities due in more than one year	10	136,439	228,282
Net Liabilities		(168,210)	(213,089)
EQUITY			
General reserve		(168,210)	(213,089)
		(168,210)	(213,089)

THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS.



Dr Darren Henley CBE
Chief Executive

24 JULY 2024



Sir Nicholas Serota CH
Chair

24 JULY 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	2023/24 £000s	2022/23 £000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Funds received from the National Lottery Distribution Fund	2	288,606	234,678
Other cash receipts		446	1,240
Grants paid	10	(267,954)	(224,521)
Cash paid to Grant-in-Aid accounts		(19,820)	(20,993)
Other cash payments		(1,190)	(1,134)
Net cash inflow/(outflow) from operating activities	12	88	(10,730)
Net increase/(decrease) in cash and cash equivalents	13/14	88	(10,730)
Cash and cash equivalents at beginning of period		962	11,692
Cash and cash equivalents at end of period		1,050	962

THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	GENERAL RESERVE 2023/24 £000s	FAIR VALUE RESERVE 2023/24 £000s	TOTAL RESERVES 2023/24 £000s	TOTAL RESERVES 2022/23 £000s
Closing reserve position 31 March 2023	(213,090)	–	(213,090)	(18,710)
Transferred (to)/from the statement of comprehensive net expenditure	44,881	–	44,881	(194,380)
Closing reserve position 31 March 2024	(168,209)	–	(168,209)	(213,090)

THE NOTES ON PAGES 157 TO 177 FORM PART OF THESE ACCOUNTS.

NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

1. ACCOUNTING POLICIES

1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Arts Council England continues to adopt the going concern concept in the preparation of the Lottery accounts. Grant commitments for future years have been entered into after taking account of income projections provided by the Gambling Commission. Arts Council England assumes that the Lottery will continue to operate and the transfer of operations from Camelot to Allwyn will have no material impact on Lottery income.

Last year the Statement of Financial Position showed a deficit of £213 million. This year the position has moved to a deficit of £168 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments are shown in the accounts in the year when the commitment is made. In 2022/23 we entered into our new four-year investment round, which meant those National Portfolio

Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2022/23 of £428 million, for activity and payments which will take place over the period 2022-26. The deficit showing at the end of 2023/24 will gradually reduce over the next two years as we make payments against the grants that were committed in 2022/23.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Income from the National Lottery is recognised in the Accounts when information is provided to Arts Council England by the National Lottery Distribution Fund. Grant commitments are recognised as expenditure in the Accounts when the offer is made to the grant applicants. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year. Other expenditure is recognised in the Accounts when goods and services have been received or when there is a contractual obligation to pay.

1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. TAXATION

Arts Council England is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Although the Lottery Accounts are prepared under IFRS rather than Charities SORP, Arts Council England is a registered Charity (Reg: 1036733) and therefore exempt from taxation.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

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

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto-enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment.

There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

2. NATIONAL LOTTERY DISTRIBUTION FUND

	2023/24 £000s	2022/23 £000s
Balance at 1 April	210,799	193,770
Share of proceeds from the National Lottery Distribution Fund	240,513	246,755
Investment returns on the Distribution Fund	11,719	4,952
Cash drawn down	(288,606)	(234,678)
Balance at 31 March	174,424	210,799

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2024 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2023/24 £000s	2022/23 £000s
Public Corporations	–	800
Sundry	448	295
	448	1,095

Grants, sponsorship and donations are analysed as follows:

	2023/24 £000s	2022/23 £000s
PUBLIC CORPORATIONS		
Nesta Arts & Culture LLP	–	800
SUNDRY		
Freelands Foundation	324	216
PUBLIC CORPORATIONS		
Other grants, sponsorship and donations	124	79
	448	1,095

4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. PENSIONS

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

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

6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2023/24 £000s	2022/23 £000s
Staff costs	14,818	14,453
Indirect staff costs	(59)	62
Premises	1,030	1,019
Supplies and services	1,442	1,975
Travel & Subsistence	379	251
Professional Fees	734	496
Central Costs	169	147
Other Recharges – contribution to Capital	250	457
	18,764	18,860
Corporate governance costs included above	1,500	1,242

7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2023/24 £000s	2022/23 £000s
Stated after charging:		
(a) Auditors' remuneration	69	65
(b) Staff travel, subsistence and hospitality	379	251

The fee for the statutory audit in 2023/24 is £69,000 (2022/23: £65,000). There were no fees payable to the auditors for non-audit services.

8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. RECEIVABLES

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Other receivables	11	9
	11	9

10. GRANT COMMITMENTS

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Grant liabilities brought forward	419,556	216,823
Grant commitments made	191,522	428,375
Less: lapsed and revoked commitments	(3,651)	(1,121)
Grant liabilities paid	(267,954)	(224,521)
Balance of grant liabilities outstanding carried forward	339,472	419,556

AGEING OF GRANT LIABILITIES:	31 MARCH 2024 £000s	31 MARCH 2023 £000s
2022/23	N/A	191,274
2023/24	203,034	121,026
2024/25	131,708	106,852
2025/26	4,530	404
2026/27	200	–
	339,472	419,556

11. CURRENT LIABILITIES

	31 MARCH 2024 £000s	31 MARCH 2023 £000s
Trade payables	70	95
Other payables	13	13
	83	108

12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2023/24 £000s	2022/23 £000s
Operating surplus	44,881	(194,380)
Decrease in receivables and prepayments	36,373	(16,884)
Decrease in payables	(81,165)	200,535
Net cash inflow/(outflow)	88	(10,729)

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2023/24 £000s	2022/23 £000s
Increase/(decrease) in cash and cash equivalents in the year	88	(10,729)
Funds at 1 April	962	11,691
Funds at 31 March	1,050	962

14. CASH AND CASH EQUIVALENTS

	1 APRIL 2023 £000s	CASH FLOW £000s	31 MARCH 2024 £000s
Cash at bank and cash equivalents	962	88	1,050
	962	88	1,050

15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2024 (31 March 2023: £nil).

16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2024 (31 March 2023: £nil).

17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	28,953	9,651
Grant commitment in the year	–	28,953
Grant payments in the year	(9,651)	(9,651)
Closing grant creditor balance as at 31 March	19,302	28,953

18b. VICTORIA & ALBERT MUSEUM (V&A)

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	188	1,050
Grant commitment in the year	1,500	–
Grant payments in the year	(188)	(862)
Closing grant creditor balance as at 31 March	1,500	188

18c. UNIVERSITY OF THE ARTS LONDON

The University of the Arts London (trading as Artsquest) is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	382	–
Grant commitment in the year	–	382
Grant payments in the year	(127)	–
Closing grant creditor balance as at 31 March	255	382

18d. CREATIVE KERNOW LTD

Creative Kernow Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 01 April	650	–
Grant commitment in the year	–	650
Grant payments in the year	(217)	–
Closing grant creditor balance as at 31 March	433	650

18e. CAUSE4 LTD

Cause4 Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2023/24 £000s	2022/23 £000s
Opening grant creditor balance as at 1 April	1,528	–
Grant commitment in the year	–	1,528
Grant payments in the year	(509)	–
Closing grant creditor balance as at 31 March	1,019	1,528

19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2023 the fund balance was £211 million. This had decreased to £174 million by 31 March 2024, at which point there were £339 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of

cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. LIQUIDITY RISK

In 2023/24, 99.82% of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(168,209)

We are not exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £203 million over the next financial year.

LIQUID ASSETS AS AT 31 MARCH 2024:	£000s
Market value of National Lottery Distribution Fund investments	174,424
Cash and cash equivalents	1,050

19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £174,424,124.

In the year, the average return on these investments was 5.16 per cent (2022/23: 2.32 per cent).

	FUND BALANCE £000s	INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2023/24	174,424	11,719	5.16%	4.64%
2022/23	210,799	4,952	2.32%	1.96%
2021/22	193,770	357	0.19%	0.14%
2020/21	210,563	148	0.10%	0.06%
2019/20	256,637	1,199	0.72%	0.48%
2018/19	282,630	1,144	0.67%	0.51%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect

from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £1,050,126.

19c. FOREIGN CURRENCY RISK

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

19d. FINANCIAL ASSETS BY CATEGORY

	2023/2024 £000s	2022/2023 £000s
RECEIVABLES DUE WITHIN ONE YEAR		
Other receivables	11	9
	11	9
INVESTMENTS		
National Lottery Distribution Fund	174,424	210,799
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	1,050	962
Total financial assets	175,485	211,770

19e. FINANCIAL LIABILITIES BY CATEGORY

	2023/2024 £000s	2022/2023 £000s
Trade payables	70	95
Other payables	13	13
Due to Arts Council Grant-in-Aid accounts	4,139	5,195
Grant payables falling due within one year	203,034	191,274
Grant payables falling due over one year	136,439	228,282
Total financial liabilities	343,694	424,859

Included within the financial liabilities are amounts such as grants outstanding and deferred income.

20. RELATED PARTIES**20a. COUNCIL MEMBERS**

We maintain publicly available registers in which Council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	–	324	Freelands Foundation	Board Member
	25	3	–	Ligeti Quartet	Family member is Manager
	–	27	–	Tate Gallery	Curator
	–	3	–	Yorkshire Youth & Music	Family member is Employee
Andrew Miller MBE	5,000	3,697	–	Bradford Culture Company Ltd	Advisor/Consultant
	–	1,538	–	Graeae Theatre Company Ltd	Advisor/Consultant
	250	25	–	Leeds 2023	Advisor/Consultant
	–	769	–	Royal Shakespeare Company	Trustee and Governor
	791	395	–	Screen South	Consultant
	–	205	–	Tête à Tête	Advisor/Consultant
	–	2,870	–	The Space	Advisor/Consultant
Annabel Turpin	3,250	1,788	–	Welsh National Opera	Trustee
	–	320	–	Future Arts Centres	Executive Director of organisation
	1,196	603	–	Sunderland Culture	Board Member
	–	456	–	UK Storyhouse Ltd	Executive Director of organisation
David Bryan CBE	29	29	–	Oldham Council	Partner is employee
	–	225	–	Battersea Arts Centre	Chair of organisation
	–	338	–	Creative Lives Charity Limited	Chair of organisation
Elisabeth Murdoch	–	433	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair, funds this organisation.
	–	326	–	Artcore	Freelands Foundation Organisation
	29	452	–	Bath Spa University	Freelands Foundation Organisation
	–	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	624	355	–	Camden Arts Centre	Freelands Foundation Organisation
	–	496	–	Contains Art CIO	Freelands Foundation Organisation
	–	213	–	Counterpoints Arts	Freelands Foundation Organisation
	–	102	–	Drawing Room	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	–	1,664	–	Firstsite Ltd	Freelands Foundation Organisation
	–	204	–	Hastings Contemporary	Freelands Foundation Organisation
	–	–	324	Freelands Foundation	Founder and Chair
	141	1,880	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	25	–	Manchester Metropolitan University	Freelands Foundation Organisation
	–	1,818	–	Modern Art Oxford	Freelands Foundation Organisation
	–	89	–	National Art Collections Fund	Freelands Foundation Organisation
	450	650	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	–	855	–	Serendipity	Freelands Foundation Organisation
	–	1,629	–	Sheffield Museums Trust	Freelands Foundation Organisation
	–	740	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	–	8	–	Studio Voltaire	Freelands Foundation Organisation
	–	27	–	Tate Gallery	Freelands Foundation Organisation
	–	1,846	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	95	66	–	The Line	Freelands Foundation Organisation
	443	294	–	Tyne & Wear Archives & Museums	Freelands Foundation Organisation
	–	255	–	University of the Arts London (trading as Artquest)	Freelands Foundation Organisation
	30	30	–	University of Wolverhampton	Freelands Foundation Organisation
199	174	–	Whitechapel Gallery	Freelands Foundation Organisation	
30	16	–	Whitworth Art Gallery	Freelands Foundation Organisation	
–	935	–	Wysing Arts Centre	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Paul Roberts OBE	–	7	–	Nottingham Trent University	Steering Group Member
Sally Shaw MBE	–	1,664	–	Firstsite Ltd	Executive Director
Sukhy Johal MBE	481	225	–	Create North East Lincolnshire	Chair
	–	2	–	Lincolnshire Music Service	Advisory Board Member
	–	368	–	The University of Lincoln	Employee
William Bush CBE	–	15	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	183	72	–	London Philharmonic Orchestra	Advisory Board Member
	–	1,600	–	Glyndebourne Productions Ltd	Other: LPO is Resident Orchestra
	–	35	–	Southbank Centre	Advisory Board Member
	–	19,302	–	The National Foundation for Youth Music	Chair



The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	135	–	Tate Gallery	Curator
	30	3	–	Tate Liverpool	Curator
	30	3	–	Yorkshire Youth & Music	Family Member is employee
Andrew Miller MBE	700	490	–	Coventry City of Culture Trust	Advisor/Consultant
	2,307	2,307	–	Graeae Theatre Company Ltd	Advisor/Consultant
	–	5	–	Independent Cinema Office	Advisor/Consultant
	1,281	1,281	–	Royal Shakespeare Company	Trustee and Governor
	–	334	–	Shape Arts	Advisor/Consultant
	307	307	–	Tete a Tete	Advisor/Consultant
	446	446	–	The Audience Agency	Advisor/Consultant
	–	50	–	The Clore Leadership Programme	Advisor/Consultant
	4,000	4,587	–	The Space	Board Member and Advisor/Consultant
	David Bryan CBE	–	225	–	Battersea Arts Centre
507		507	–	Creative Lives Charity Limited	Chair of organisation
Elisabeth Murdoch	650	650	–	a-n The Artists Information Company	Freelands Foundation Organisation
	489	489	–	Artcore	Freelands Foundation Organisation
	603	603	–	Bath Spa University	Freelands Foundation Organisation
	45	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	84	84	–	Camden Arts Centre	Freelands Foundation Organisation
	319	319	–	Counterpoints Arts	Freelands Foundation Organisation
	2,489	2,538	–	Firstsite Ltd	Freelands Foundation Organisation
	–	5	–	Focal Point Gallery	Freelands Foundation Organisation
	–	–	216	Freelands Foundation Organisation	Founder and Chair

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch (continued)	306	306	–	Hastings Contemporary	Freelands Foundation Organisation
	2,739	2,739	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,838	1,988	–	John Hansard Gallery	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	6	–	MAIA	Freelands Foundation Organisation
	50	50	–	Manchester Metropolitan University	Freelands Foundation Organisation
	2,726	2,726	–	Modern Art Oxford	Freelands Foundation Organisation
	890	890	–	National Art Collections Fund	Freelands Foundation Organisation
	–	4	–	Primary	Freelands Foundation Organisation
	300	300	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	1,283	1,296	–	Serendipity	Freelands Foundation Organisation
	2,444	2,444	–	Sheffield Museums Trust	Freelands Foundation Organisation
	855	1,435	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	154	154	–	Tannery Arts Limited	Freelands Foundation Organisation
	–	135	–	Tate Gallery	Freelands Foundation Organisation
	30	3	–	Tate Liverpool	Freelands Foundation Organisation
	25	25	–	The African Centre	Freelands Foundation Organisation
	2,768	2,768	–	The Hepworth Wakefield	Freelands Foundation Organisation
	–	40	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	382	532	–	University of the Arts London	Freelands Foundation Organisation
	–	12	–	Whitworth Art Gallery	Freelands Foundation Organisation
	1,396	1,401	–	Wysing Arts Centre	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Helen Birchenough	–	50	–	Wiltshire Creative	Board member
Jamie Njoku-Goodwin	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	–	8	–	Music Managers Forum Ltd	This organisation is a member of UK Music and the CEO sits on their board. Jamie is the CEO of UK Music.
Professor Roni Brown	450	450	–	Contemporary Dance Trust	Affiliated through employer
	–	3	–	Creative Foundation	Affiliated through employer
	2,584	2,584	–	Farnham Maltings Association Ltd	Family member is Director
	–	20	–	Institute of International Visual Arts	Affiliated through employer
	382	532	–	University of the Arts London	Employee
Sukhy Johal MBE	–	15	–	Lincoln Arts Trust Limited	Core LOV. The University of Lincoln acts as the accountable body for Lincoln One Venues (activity across 7 venues in total). The dedicated team report to Sukhy, who signs applications for funds. They also fund the LOV network as part of their NPO agreement, including Drill Hall.
	–	564	–	The University of Lincoln	Employee
William Bush CBE	154	154	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	–	15	–	PRS for Music Foundation	Board Member
	–	35	–	Southbank Centre	Advisory Board Member
	28,953	28,953	–	The National Foundation for Youth Music	Chair of organisation

20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2024 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2024 £000s	BALANCE UNPAID AS AT 31 MARCH 2024 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	–	25	Manchester Metropolitan University	Financial donor
Michelle Walker	16	–	Wandsworth Council	Employee
Simon Mellor OBE	29	452	Bath Spa University	Partner is an employee
	–	272	The Warren Youth Project	Family relationship with employees

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Dr Darren Henley CBE	50	50	Manchester Metropolitan University	Financial donor
Mags Patten	603	603	Bath Spa University	Student at University
	–	50	The Clore Leadership Programme	Advisory group role until Sep/19
Simon Mellor OBE	603	603	Bath Spa University	Partner is employee

The declared interests of National Council members and Executive Board are available at the following link:

<https://www.artscouncil.org.uk/our-organisation/national-council>

The Remuneration Report ([page 76](#)) contains details of payments made to key personnel.

20c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party.

The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2024 £000s	RECEIVABLES 31 MARCH 2024 £000s	PAYABLES 31 MARCH 2023 £000s	RECEIVABLES 31 MARCH 2023 £000s
Balances with other DCMS Government bodies	1,861	–	1,156	–
Balances with other central Government bodies	10	–	29	–
Balances with academies	2,041	–	3,265	–
Balances with local authorities	22,426	–	21,884	–
Balances with NHS Trusts	832	–	1,445	–
Balances with public corporations and trading funds	–	–	–	–

	EXPENDITURE 31 MARCH 2024 £000s	INCOME 31 MARCH 2024 £000s	EXPENDITURE 31 MARCH 2023 £000s	INCOME 31 MARCH 2023 £000s
Transactions with other DCMS Government bodies	1,516	–	1,195	11
Transactions with other central Government bodies	–	–	38	–
Transactions with academies	86	–	2,850	–
Transactions with local authorities	14,625	–	18,951	2
Transactions with NHS Trusts	68	1	294	–
Transactions with public corporations and trading funds	–	–	–	800

21. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

Arts Council England did not have any contingent liabilities as at 31 March 2024.

22. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

23. LOSSES AND SPECIAL PAYMENTS

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. The number and value of losses during 2023/24 were as follows:

	2023/2024 £000s	2022/2023 £000s
Total value of losses	32	–
Total number of losses	1	–



10.

National Lottery report



As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.

POLICY DIRECTIONS

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

a) The need to involve the public and local communities in making policies, setting priorities and distributing money

Our 10-year Strategy for the arts, libraries and museums, *Let's Create*, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

b) Its assessment of the needs of the arts and culture and its priorities for addressing them

Let's Create sets out our commitment to our mission and our three outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our delivery plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive

change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England

In 2023/24, Arts Council England awarded Bradford Culture Company Limited (BCC) a significant grant of £5,000,000 to lead, commission and coordinate a world-class programme of arts and cultural activity as part of Bradford UK City of Culture 2025. This investment is focused on developing new partnerships and encouraging ambition, innovation and inspiration in the UK City of Culture programme, building on local strengths and assets in Bradford, driving investment and innovation in the area, and crucially, drawing on the inclusivity and relevance Investment Principle to deliver a project that brings the arts and culture into the lives of people from across the city, the district, and the wider UK.

From the hills to the mills, from the waterways to cycle ways, and the parks to the city centre, BCC plan 1,000 new performances and events, 365 artist commissions, 100 community-led arts projects, 52 artists in residence, 24 festivals, 15 major national and international collaborations. BCC recognise that the UK City of Culture programme is a once in a lifetime moment to fully realise the opportunity of the district's diversity, and to embed people's heritage and lived experience in governance, leadership, programming and production.

They will take a proactive and determined approach to driving equity, inclusion and relevance and ensuring that the project's governance, workforce and volunteers represent

the richness of Bradford. With more than 170 languages and many different cultures in the Bradford district, the programme will address a wide range of barriers to cultural access from the outset. Through co-creation and co-production of the programme with underserved communities they will centre relevance to drive ownership and engagement of the programme, creating a radically different and much broader definition of culture.

The foundations being laid now aim to bring about: a generational shift in cultural opportunity for all, especially children and young people; a redefinition of what culture means to people that provides a new, year-round cultural offer across the Bradford district; reduced barriers to creative participation that increases engagement with creativity, arts, culture and heritage; and community-based engagement, supporting people's health and wellbeing and addressing inequality of opportunity.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

In 2023/24, the Saturday Club Trust (SCT) were awarded £503,500 through the Nationally Significant Projects strand of National Lottery Project Grants to undertake significant expansion to the national network of Saturday Clubs. This three-year expansion project (2023-26) will enable the SCT to add a further 74 new Clubs to the existing 94, delivering opportunities for a further 5,000 young people to study a range of creative subjects for free, where they live. This activity increases confidence, develops skills and influences those young people's future creative plans. Of the new Clubs, 43% will be in Priority Places, and 60% in Levelling Up for Culture places. The Clubs' target is that 81% of young participants they reach will be from backgrounds that are currently underrepresented in the cultural sector.

The National Saturday Clubs programme places young people at the heart of its holistic approach to extra-curricular learning, with an aim to inspire and spark their imagination.

Each Club provides a safe and welcoming space where young people can explore new ideas, make friends and develop as individuals, without the pressure of exams.

Participating young people will undertake high-quality creative, weekly classes, guided by expert tutors from the higher education, further education and cultural partner institutions. Weekly Saturday classes are augmented by a programme of national events, including visits to museums, galleries and theatres, masterclasses with industry professionals, a public summer show and graduation ceremonies.

The project shares a synergy with the Creative People Outcome of *Let's Create*, working on the premise that every young person should have the chance to be creative regardless of where they are born or where they live, their financial circumstances or their lived experiences.

The innovative collaborative place-based delivery model will improve access to a range of cultural opportunities in the local communities where young people live, improving the cultural infrastructure needed to help places thrive, especially in places where it is limited.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

Each year, National Lottery Project Grants support a wide range of community-led creative initiatives that build and strengthen social ties. For example, in 2023/24, Art on the Underground was awarded funding to deliver a two-year programme of artistic projects in collaboration with the Greater London Authority's Community Spaces at Risk Team. The project brought together four 'community collaborators' – PEACH Newham, Foundation for Women's Health and Development, Samafel Families Association, and House of Rainbow – and an artist to co-create new sonic artworks of speech and music to be

installed as temporary soundscapes at London Underground stations. The community spaces contribute to community resilience, social integration and collective action. Together, they are creating artwork for the public realm, to be enjoyed by millions of Transport for London users.

f) The need to support volunteering and participation in the arts and community arts

During 2023/24, Arts on Prescription were awarded £32,870 through Arts Council National Lottery Project Grants to conduct their community art project, Seas & Trees, via their community hub, Arts in the Park. Arts in the Park provides accessible arts provision from a formerly disused, now repurposed building in an urban park within the heart of Hastings. It provides opportunities for the community to be creative and learn new skills, as well as offering freelance employment opportunities to artists to develop their own creative practice.

Seas & Trees brings together a group of around 20 existing Arts in the Park volunteers to run a program of workshops and events in 2024, including foraged art workshops and support to develop and merchandise their work. The project will culminate in two fairs where the volunteers will sell and exhibit their work as well as engage the public in Hastings, with the second fair being planned and run by volunteers.

The aim of the project is to give the volunteers more ownership of their work and the community arts space, so they can be empowered to create work and deliver workshops which provide accessible art for the community.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

Developing your Creative Practice supports individuals to explore their practice and develop new skills. Becky Jefcoate is an interpretation designer and creative producer with 25 years' experience. Her practice focuses on creating engagement programmes,

interpretation schemes and creative activities for museums, and she was ready to make a step change. Becky said:

"During the Covid lockdown I ... experienced the benefits of museum wellbeing programmes myself. At a time when people's mental health and wellbeing is at an all-time low, I feel that now is the right time for me to refocus the next stage of my career on developing creative interventions with and within museums that support, improve and champion wellbeing".

Becky's project sees her gathering insight and learning from international museum innovators in the wellbeing field and developing her knowledge, skills and networks. She has decided to work internationally for this period of development, immersing herself in international best practice around post-Covid recovery, creative responses to urban issues, and healing cultural tensions. She has a focus on two specific areas of museum wellbeing practice: the East and West Coasts of the United States. Her award of £11,000 is providing the time and space needed to hone and develop her practical skills to create powerful new museum-led wellbeing programmes.

As a professional dancer and dance teacher Olivia Roberts wanted to take the step from Performer to Creative Producer, re-discovering her career as a mother a few months postpartum.

Creating the groundwork for this change, Olivia established new relationships within the Black Country community, from other creative practitioners and libraries to colleges and community centres. Olivia also spent time developing her bid writing skills, researching funding opportunities and becoming more confident planning and tracking budgets.

Olivia took the opportunity to work at Birmingham Festival 2023, developing skills as a Producer under their guidance and support. This included running rehearsal days,

collecting participant data, set logistics and leading choreography.

A variety of mentors in Theatre and Dance allowed Olivia to learn about different aspects of cultural administration and management, such as fundraising strategies, campaign management, and connecting and collaborating with groups in a way that's relevant to them. This ultimately led to designing learning and participation community classes for early years through to 11-to-16-year-olds.

Olivia said: "This grant has allowed me an entirely new outlook on my future and helped me develop and harness my skills...I look forward to both creating my own work and supporting others in creating theirs."

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

Many of our Investment Principles Support Organisations (IPSOs) are supported through our National Lottery funding. Our IPSOs are a cohort of creative and cultural organisations from across the country that play a central role in helping us deliver *Let's Create*. They support the cultural sector to embed best practice in relation to the Arts Council's Investment Principles and realise the vision that *Let's Create* sets out. One of the four Investment Principles is Environmental Responsibility, which is about embedding environmental thinking in everything our funded organisations and projects do, from operations and logistics, to considering how creation, programming and partnerships can help support their commitment and provoke debate.

The National Rural Touring Forum (NRTF) is an IPSO working to a 2023-26 funding agreement. In 2023/24, some of its key activities around supporting Environmental Responsibility have focused on collaborative data gathering, toolkit and resource development and working towards a green charter for the sector. They have worked with environmental organisations to deliver sessions for NRTF members, helping them to establish which sustainability standards they will work to and what support they'll need to achieve it. The goal is to support the rural touring sector to reduce its environmental impact.

Outdoor Arts UK (OAUk) is another IPSO for 2023-26, focusing some of its funded activities on supporting the sector around Environmental Responsibility. In 2023/24, it brought together the OAUk National Summit for more than 100 delegates, pooling the latest environmental evidence, actions and advice for the outdoor arts sector to deliver presentations and best practice sessions for artists, producers and festivals. The summit was programmed by the organisation's Environmental Action Group, which leads on collating resources, promoting related training and funding opportunities, and sharing case studies and best practice to the OAUk membership.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

Our Place Partnerships strand of National Lottery Project Grants supports projects that aim to make a long-term difference to the creative and cultural life of a local community. As part of our Delivery Plan for 2021-24, we identified 54 'Priority Places' across England where we are prioritising increasing investment and engagement.

Medway is a Priority Place and in 2023/24 we funded the Medway Place Partnership project: a partnership-driven project aimed

at transforming how the creative and health sectors work together and with communities. The project aims to make creativity central to wellbeing and preventative health interventions in Medway. Medway Council's Public Culture and Libraries, Public Health and Housing departments have partnered with a range of organisations in the area, including the University of Kent, health and social care partners, and cultural organisations including theatres and music institutes. Their goal is to develop skills, creative methodologies and strategic alignment to deliver long-term change Medway-wide and in areas of high health inequalities in Chatham.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

One of the Arts Council's four investment principles is Dynamism, which is about ensuring funded organisations are resilient and able to respond to a changing external environment. We recognise that good, inclusive leadership is critical to ensuring the sector can draw on a wide range of ideas and experiences to build success.

MeWe360 and Cause4 are two Lottery-funded Investment Principles Support Organisations working to 2023-26 funding agreements, and both are supporting the sector by investing in the cultural workforce and helping organisations to become more entrepreneurial.

MeWe360 is a Black-led not-for-profit that champions Black, Asian and ethnically diverse entrepreneurs in the arts and creative industries. In 2023/24, MeWe360 delivered an incubator programme that provided mentoring and tailored one-to-one business development support to 36 creative leaders and facilitated peer-to-peer networking and learning across the sector.

Cause4 partners with the University of Leeds to deliver Arts Fundraising and Philanthropy, a project which champions lifelong learning and offers transformational professional

development for arts fundraising leaders. In 2023/24, Cause4: supported 20 leaders to remodel their organisations through change programmes; launched an online wellbeing programme for arts fundraisers to support talent retention for the sector; delivered a trustee leadership programme and series of specialist skills training sessions; and created inclusive talent development pathways, with 20 arts fundraising apprenticeships and 10 fellowships for mid-career and senior fundraisers and leaders.

l) The desirability of working jointly with other organisations, including other distributors

The National Foundation for Youth Music (Youth Music) is an independent charity founded in 1999 by Arts Council England and the Department for Culture, Media and Sport as a delegated distributor of National Lottery funds.

In late 2022/23, Youth Music was awarded an Arts Council Lottery grant of £28,953,000 for activity to be delivered in 2023-26 (£9,651,000 per year, beginning in 2023/24). Historically, Youth Music has delivered a high-quality programme of music-focused activity, making grants using Arts Council Lottery funds to reach children and young people and transform their access to high-quality, sustainable music-making activity across the whole of England. Their focus is on reaching those young people who don't usually get the chance to engage with arts and cultural activity due to where they live, or other circumstances in their lives.

This latest Lottery investment marks a development in the way we have worked with Youth Music to shape a programme. The Arts Council and Youth Music have worked in partnership over the past few years to explore opportunities to align with the aims and objectives of our strategy, *Let's Create*, and to fund projects in other artforms beyond music through Youth Music's grant-making model.

This significant change was made to align with *Let's Create's* focus on supporting the creative lives of children and young people in the way that meets their needs best.

Youth Music has a high profile in the music, education, community and health sectors and is supporting many young people and organisations that the Arts Council currently does not, and their projects deliver inclusion activities to disadvantaged children and young people in challenging circumstances. Broadening the scope of projects that they can support really capitalises on their expertise in reaching underserved children and young people, and through their 2022/23 grant (covering delivery from April 2023 onwards), Youth Music will explore these opportunities, aiming to increase investment in other artforms throughout 2023-26.

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have



been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. In 2023/24, a total of 2,951 awards were made with a total value of £122 million (2022/23: 2,984 awards with a value of £99 million).
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

In 2023/24, 1,279 awards were made with a total value of £21 million. In 2022/23, 1,520 awards were made with a total value of £45 million.

FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2023/24. A copy of the Statement of Financial Requirements is publicly available.

LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 7.75 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2023/24 were approximately £1.14 million less than the target and approximately £220,000 less than last year.



1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2023/24 £M ACTUAL	2023/24 £M TARGET
ACTUAL ADMINISTRATION COSTS*	16.35	17.63	17.10	15.68	18.76	18.54	19.68

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2023/24 £M ACTUAL	2023/24 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	15.37	16.34	14.94	13.80	15.48	16.63	17.65

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

** FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2018/19 ACTUAL	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 ACTUAL	2023/24 ACTUAL
ACTUAL ADMINISTRATION COSTS AS A % OF LOTTERY INCOME*	7.00%	7.08%	6.75%	6.18%	7.45%	7.48%

* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £15,000:	6 weeks
Applications for funding for £15,001 and above:	12 weeks

YEAR		A	B	C
2019/20	Actual	99.32%	97.42%	98.94%
2020/21	Actual	94.95%	95.50%	95.06%
2021/22	Actual	99.70%	87.90%	97.30%
2022/23	Actual	99.88%	99.80%	99.87%
2023/24	Actual	99.33%	96.77%	98.96%
2009/10	TARGET	90%	90%	90%

A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding. We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

Image credits

In order of appearance



BLACK SABBATH THE
BALLET SOFIA LIÑARES.
PHOTOGRAPHER © PEROU.
DANCER IS SOFIA LIÑARES



DR DARREN HENLEY, CBE.
CHIEF EXECUTIVE, ARTS
COUNCIL. PHOTO ©
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OCKHAM'S RAZOR, PUBLIC
PROJECT. STRIKE A LIGHT.
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ERIK WOOLHOUSE IN PLAYLIST
TRACK 12 BY WILLIAM FORSYTHE



CREATIVE HUB LAUNCH.
IMAGE MACIEJ LUBOMSKI



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BMEH ANNUAL SCHOOLS ALIVE THEATRE SHOWS, SEND. PHOTO BY IAN CLARE



KELHAM ISLAND MUSEUM. PHOTO © ANDY BROWNCUT



LAUNCH EVENT FOR STRONG WOMEN OF ST HELENS BY CARRIE REICHARDT, 2023. PHOTO BY RADKA DOLINSKA



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FAMILY RAVE – THE BOX PLYMOUTH. PHOTO © DOM MOORE



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NUTKHUT AT MELA IN THE CITY – IMAGE CREDIT NUTKHUT



THE SWINDON DANCE. PHOTO © MARK PEPPERALL



GENERIK VAPEUR (FRANCE) WITH GORILLA CIRCUS (UK) AT OUT THERE FESTIVAL. PHOTO © JMA PHOTOGRAPHY



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LEWISHAM MUSIC. PHOTO © KEITH SYKES



STRING QUINTET AT COUNTY HALL, HERTFORDSHIRE MUSIC SERVICE. PHOTO © LUKE FARRELL



UTOPIA THEATRE –
CREATIVE HUB LAUNCH.
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THE SWINDON DANCE.
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DEVON MUSIC EDUCATION HUB.
PHOTO BY UPRIGHT MEDIA



NATIONAL YOUTH ORCHESTRA
WITH BLACKPOOL MUSIC
EDUCATION HUB.
PHOTO BY IAN CLARE

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