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CAPITAL WORKS!

Evaluation of Arts Council England's capital investment
2012-2018

Summary Report

February 2018

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Summary Report

This summary report aims to:

- > Give an overview of the achievements of the Arts Council Strategic Capital Programme 2012 -2017
- > Share experiences gained during the capital projects
- > Provide insights for future action

Contents

2 Summary Report

3 Infographics

9 Overview

11 Achievements

14 Summary of Recommendations

15 Final thoughts

16 Acknowledgements

Photo credits

Photos front page - left to right from top corner:

1. Seven Stories (Damien Wootten)
2. Aspex Launch and artist commission
3. Derby Museums activity consultation
4. Attenborough Arts Centre
5. Staff preparing for capital works (Octagon)

6. Square Chapel (Lisa Baxter)

7. Seven Stories (Lisa Baxter)

8. Towner auditorium (Wilma Rauhanummi)

9. York Art Gallery (Alchemy)

Photo page five:

- > Seven Stories

2012 - 2018

CAPITAL WORKS!

Arts Council England's
strategic programme overview

GOALS

Focus on consolidation and improvement rather than new builds



Excellence



Opportunity



Resilience &
environmentally sustainable



Diverse & skilled
workforce



Children &
young people

SCOPE

265

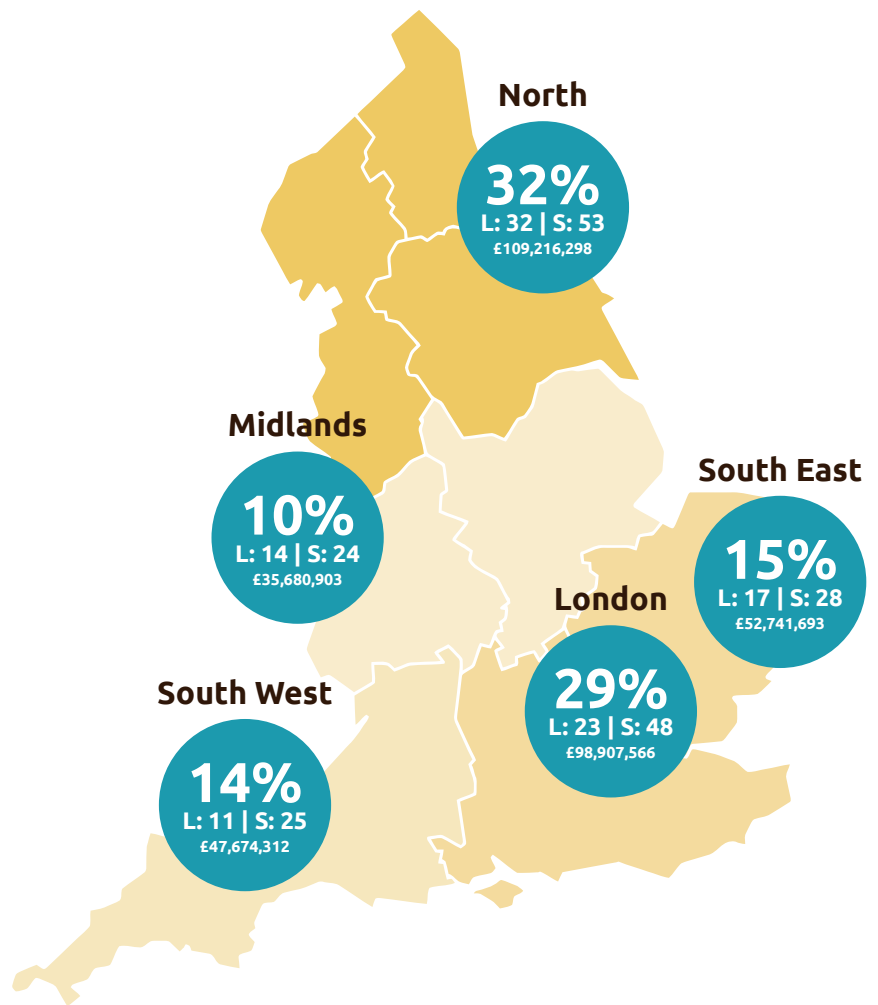
PROJECTS

87 LARGE | 178 SMALL

£344m

INVESTMENT

5 rounds OF FUNDING



SMALL PROJECTS ACHIEVEMENTS

106 respondents

75%



Improved visitor experience

70%



Additional facilities, improved equipment & staff experience

27%



More diverse audiences

6%



More diverse team

59%



Reduced environmental impact

LARGE PROJECTS ACHIEVEMENTS

54 respondents

63%



Improved reputation

59%



Improved staff experience, additional facilities & new partnerships

39%



More diverse audiences

19%



More diverse team

46%



Reduced environmental impact

DELIVERY CONTEXT

VUCA: volatile, uncertain, complex & ambiguous

17% Decline

in local authority spending on arts & culture according to 2010-2015 DCLG figures

Lubaina Himid

became the first black woman artist to win the Turner Prize in 2017

2012

ACE took on the responsibility for museums

Into Regions

rebalancing ACE investment away from London

2012 - 2018

CAPITAL WORKS!

Building Transformation
(Achievements)

DRIVERS



Many arts buildings not fit for purpose



Protecting historical public investment



Leveraging other support



Recognising limited other sources of capital funding

ACHIEVEMENTS

Large Projects

91%

**COMPLETED
WITHIN 3 YEARS**

Average 24 months

£117m

**GENERATED
Partnership Funding**



£133m (28%)
Total combined income



£116m (38%)
Unrestricted Income excluding grants



£135m (25%)
Total unrestricted reserves

Small Projects

90%

**COMPLETED
WITHIN 2 YEARS**

Average 13 months

£44m

**GENERATED
Partnership Funding**



£8m (34%)
Total combined income



£5m (33%)
Unrestricted income excluding grants



£6.4m (81%)
Total unrestricted reserves

While this can't be directly attributed to capital projects it shows a growth trend over the period. 5

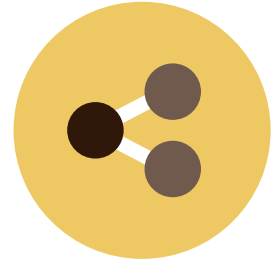


Award Winning Buildings

- At least one RIBA award per year since 2012
- Environmental impact
- Customer Welcome
- Retail offer

Organisational Development

- Culture change
- Organisational learning
- Diversity and inclusion
- Building new skills and/or drawing on existing skills more effectively
- Sense of achievement and pride
- Deep focus on user experience by some organisations
- Being more ambitious



“ The value of **proper training and support** for CEOs approaching their first capital project cannot be underestimated. If I were delivering our first capital project now, with the experience I have now, I believe it would be several hundred thousand pounds cheaper, since I would be more capable of directing it.

Capital grant recipient ”

OUTCOMES

- ✓ Operational cost savings and increased income
- ✓ Longer term planning
- ✓ Improved diversity and accessibility
- ✓ Increased pride in their organisations
- ✓ Higher profile
- ✓ Risk reduction
- ✓ Increased functionality of the building

Unexpected Outcomes

Improved relationships: audience growth, more partnerships, more diverse partnerships, new donors and more proactive local authorities

Physical space: more functionality, more flexibility, more responsive to community needs and better environmental improvements

Process: rescoping allowing time for reflection and review

Organisational development: from evolving organisational aims and goals to building skills and raising ambition

Pride: new found pride in the organisation for Board, staff and volunteers

“ Without Arts Council funding as a catalyst our project would not have happened – it was the catalyst and the leverage for the fundraising campaign.

MAKING CAPITAL WORK

Guidance for getting
the best out of a capital project

HOW

Factors critical to capital project success from those that have been there



Strong project
team



Stakeholder
support



Fully funded
project



Strong design
concept

LARGE
Strong board support

SMALL
Good contractors



Capital recipients describe finding the process enjoyable, exciting, creative and rewarding

Speak to other organisations. Expect the unexpected. Do your prep work. Be prepared to evolve and accept changes. **Embrace change.** And buy warm clothes if the building works are in mid-winter!

CAPITAL GRANT RECIPIENT

Vision

1

Establish a clear, future focused vision and be ambitious and realistic about what you want to achieve

Research

2

Do as much background research as you can, including Go-See visits, specialist advice, and talking to others who have been through the process

Project Management

3

Get a great team and do as much planning as you can

Realism

4

Be realistic about the impact the project will have before, during and after

Time

5

Don't underestimate the time and attention it will need, it will take longer than you think

Expertise

6

Get the best advice you can throughout the project

Collaboration & consultation

7

Engage people and keep them engaged throughout, this includes users, staff, volunteers, your governing body and stakeholders

Change

8

Get your organisation ready for change. capital projects can bring about wide-ranging changes many of which you might not anticipate

Agility & Consistency

9

Establish the capability to flex and adapt, but stay true to your vision

Evaluation

10

Build in evaluation from the outset and monitor as much as you can as the project happens. Capture your learning

Overview

The Strategic Capital Programme (2015 -2018) is the third iteration of the Arts Council's lottery funded capital programmes. It is designed to deliver on the Arts Council's goals and had four underlying drivers:

- > Many arts and cultural buildings are not fit for purpose
- > Capital support can leverage other support and income
- > The need to support historical public investment in arts and cultural organisations
- > There are limited other sources available to fund capital development

The programme has invested £344 million in 265 successful applicants – 87 large and 178 small. To date 35 large projects and 153 small projects have been completed. Capital grant recipients are a widely divergent group, with turnover varying from over £100m to below £250k. Capital projects can have a significant short-term impact positively or negatively on the liquidity of an organisation during the project as unusually large sums pass through the organisation's accounts.

This is the first full evaluation of an Arts Capital programme and has had to cover a diverse range of projects over five years with a limited baseline. It has therefore used a mixed methods approach of surveys, interviews, case studies, observations and literature review. Sixteen case studies have been undertaken and there were 161 responses to the survey (see the '**Digging Deeper**' and '**Spotlight on User Experience**' reports for the in-depth case studies).

The evaluation has been commissioned to enable the Arts Council to understand the outcomes and impact of its investment. This has been based on testing the framework associated with the programme which outlines the intended long-term outcomes as:

- > Efficiency savings
- > Organisational resilience
- > Developing new and diverse audiences
- > Partnership working
- > Attracting new and diverse talent to arts and cultural organisations
- > The Arts Council being recognised as a valued partner

The programme has been operating in a rapidly changing environment – one that is volatile, uncertain, complex and ambiguous (VUCA). This environment has had wide-ranging impacts on arts organisations from the need for more innovative income generation to becoming dementia friendly, from looking to new forms of organisational design to supporting schools in delivering cultural education. Arts and cultural buildings have become mechanisms for driving and/or supporting new operating models.



Achievements

The highest rated achievement for small projects that responded to the survey was **improved visitor experience (75%)**, while for large projects it was **improved reputation (63%)**. 78% of large and 57% of small recipients delivered their projects to the scale originally intended.

Survey respondents also noted reduced environmental impact as an achievement: 46% of large scale respondents and 59% of small scale respondents (number of responses =101)

The key challenges cited by grant recipients were time, capacity, fundraising, retaining staff and maintaining momentum.

The completed small projects took an average of 13 months to complete, whereas large projects took an average of 24 months. The major enabling factor for delivering a capital project identified by both scales of project is a strong project team.

Analysis of the underlying business models of grant recipients highlight a range of trends, and while they cannot be specifically attributed to the capital projects alone they do illustrate a pattern of improvement across the capital projects:

Large

- > Total combined income for completed large projects (n=30) rose by £133m (28%) between 2012 and 2016
- > Their unrestricted income rose by £109m (26%) and unrestricted income excluding grants rose by £116m (38%)
- > By 2016 75% were generating surpluses compared to just over 30% in 2012
- > Between 2012 and 2016 large grant recipients showed a growth in total reserves from £536m to £671m

Small

- > Total combined income for sample the small projects rose by £8m (34%) between 2012 and 2016
- > Unrestricted income for the sample rose by £6m (27%) and unrestricted income excluding grants rose by £5m (33%)
- > Between 2012 and 2017 the twenty organisations were able to almost double their unrestricted reserves from £7.9m to £14.3m

Leverage

- > Large projects generated partnership funding of £117m, whereas small projects generated £44m
- > Applicant organisations invested £21m (large) and £11m (small) of their own funds in the projects

There are two outcomes from the strategic capital programme that should contribute to improved business model strength:

1. Asset enhancement and creation
2. Building organisational capacity and capability

The rationale for the strategic capital programme has been endorsed by the evaluation evidence, particularly the underlying assumption that arts and cultural buildings may not be (or are in danger of not being) fit for purpose. Recipients have confirmed that without Arts Council support their projects were unlikely to have gone ahead.

In considering the questions posed by the evaluation:

- > The Arts Council has delivered against its intended outputs. Projects have been completed, completion reports outline a range of achievements, architecture awards have been received and clients have confirmed buildings are delivering expected (and unexpected) improvements
- > The completion reports of the 20 large projects that provided the information show that there was an overall growth in footprint from 105,157 m² to 127,449 m² an increase in size of 21%
- > There is a wide range of internal and external factors that can influence the nature of the project outcomes, from other funding schemes to the quality of the project team
- > To have influence as a National Development agency more attention should be paid to improving data collection, disseminating learning, and giving the programme a much higher profile than it currently has
- > The Arts Council should be acknowledging and celebrating the successes of the programme and building on the pride it has generated
- > A significant network of expertise has been created and this is not being fully exploited or acknowledged
- > There is need for stronger ownership of monitoring and evaluation for the programme, which is likely to have a resourcing requirement, it also requires integrated working between Departments. This should result in more consistent data collection and analysis
- > There needs to be greater clarity around success measures – particularly environmental sustainability, diversity and inclusion, and resilience. This would be supported by a review of the current Logic Model
- > The Arts Council and/or the wider sector should consider running a future search event or process to identify future capital infrastructure needs and developments

Summary of Recommendations

Arts Council England

Enabling - Support the sharing of lessons learnt, advice, guidance and expertise:

- > Create an online resource space to share information advice and guidance
- > Share examples of good practice in terms of diversity and environmental sustainability, particularly those that go beyond compliance and encourage a creative approach
- > Provide opportunities for grantees to share experience and to connect with other projects
- > Connecting a community of PMs and experienced capital peers
- > Network for those with building responsibility/operations

Promotion and advocacy - Celebrate achievements and the pride it has generated:

- > More advocacy and promotion of the achievements of the capital programme
- > Future strategy - Develop a future facing approach:
- > Undertake or enable scenario modelling and future searches
- > Build future foresights into the planning for the next funding rounds

Evaluation - Review how best to build evaluation into the process, including:

- > Revision of the Logic Model to better reflect the process and intentions of the programme
- > Develop more specific indicators to enable data collection against the revised Logic Model
- > More consistency in evaluation approaches
- > Improving data quality and consistency
- > Consider undertaking rolling case studies
- > Explore how to incorporate longitudinal evaluation into the process

Final thoughts

Don't design the building you need now, design the building you think you'll need in 10 years because you need the room for growth and change ...

It wasn't about refurbishing the building and then saying 'right, we've done it'. This was about a long-term shift in organisational culture and strategy.

... in transitional spaces you have those little surprises, those little moments where you thought you were moving from one space to another, but, there's a story here, or you might look up and see a curve where a small object has been placed.

Capital Programme Participants



Acknowledgements

The evaluators have been a little overwhelmed by the response to our requests for information and would like to gratefully acknowledge the support of everyone who has contributed to the process. Particular thanks go to Julia Voss and Graham Phillips of the Arts Council's Capital Team who have so patiently provided us with information and responded to our questions. Thanks also to the team at Julie's Bicycle who have generously shared their research and expertise to inform the environmental sustainability findings. It has been a genuine privilege to visit some of the buildings the capital programme has supported and to hear the many stories and experiences everyone has so wholeheartedly shared. We trust we have done their achievements justice.