

Annual Report and Accounts 2021

For the year ended 31 March 2021

Arts Council England,
Grant-in-Aid and National Lottery Distribution 2020/21

HC 288



Arts Council England Grant-in-Aid and National Lottery Distribution Annual Report and Accounts 2020/21

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01. Chair's report

Sir Nicholas Serota CH

Chair, Arts Council England

This Annual Report gives an account of the Arts Council's response to Covid-19. In doing so, it covers perhaps the most unusual and testing period in our 75 year history. In normal times we invest public money to strengthen the cultural sector and ensure that more and more people can enjoy the benefits of creativity and culture. Over the last year, our mission has been to preserve the cultural sector from total collapse.

At the beginning of the pandemic, we moved quickly to marshal resources, using our reserves and available strategic funds to create a £160million Emergency Response Fund, which was designed to help artists and cultural organisations survive the initial shock of closure. Through this Fund we awarded £17.1million to 7,484 individuals, £47.4million to 2,182 organisations outside the Arts Council's National Portfolio, and £33million to 195 National Portfolio Organisations and Creative People and Places cohorts, alongside £6.25million to a series of cultural sector benevolent funds for distribution to individual artists and performers.

However, this investment could only help organisations survive the first few months of the crisis, notwithstanding the valuable support that the Chancellor had given to all working businesses through the furlough scheme. We were therefore extremely grateful in July when the Government announced their initial £1.57billion Culture Recovery Fund (later increased by £300million). Under the aegis of the Culture Recovery Board, the Arts Council has worked to distribute this support alongside Historic England, the National Lottery Heritage Fund, the British Film Institute, and the other UK Arts Councils.

The first round of awards from the Fund, announced in October, was designed to help cultural organisations weather the continuing financial hardships caused by lockdown. This round was made up of two sets of grants totalling £430million, £165million of repayable loans offered to organisations requesting more than £3million, and another set of grants totalling £60million to help organisations restart and complete capital projects which had accrued extra costs because of the pandemic.

We announced a second round of awards at the beginning of April 2021, consisting of £261million of grants and £81million of repayable loans. These awards were designed to meet the needs of cultural organisations as they begin to reopen in the period from April to July 2021. A third round, which was announced in the summer, will focus on the evolving needs of the sector between July and December as we begin to rebuild and address questions of what a more stable future for culture might look like.

Distributing this investment has been a huge undertaking, and has required a transformation in our ways of working. We have successfully handled more than 27,000 grant applications (to be compared with 17,000 in a normal year), enabling us to distribute awards at an unprecedented speed to meet the urgent needs of the sector. We have also processed a 60% increase in customer service enquiries, and redesigned our National Lottery Project Grants, Developing Your Creative Practice and Artsmark programmes to address the evolving needs of artists and cultural organisations during the pandemic. The willingness of colleagues across the organisation to support this work while also fulfilling their usual roles and adapting to the challenges of working from home has been a vital part of our response. I pay tribute to the leadership given by the senior executive team under Darren Henley and to the commitment and dedication of staff across the whole organisation.

I also want to again extend my thanks to the Culture Secretary at the time, Oliver Dowden, to Chancellor of the Exchequer, Rishi Sunak, and to our colleagues at DCMS for their support. The Culture Recovery Fund is the biggest single investment in culture in the UK's history, and the cultural sector would not have survived in any recognisable form without it.

It also demonstrates that the Government understands the fundamental role culture plays in the life of people in his country and the contribution that it will make to recovery in all parts of the United Kingdom.

At an individual level, taking part in creative activities is at the centre of many people's social lives, and is essential for their health and wellbeing. Indeed, the disappearance of individual and collective engagement in culture is one of the things that has made this pandemic so difficult for many people. In its absence we appreciate more than ever the importance of being able to gather and share experiences that show us something out of the ordinary, and encourage us to view the world in a different light.

Culture is also integral to the strength of communities around the country. In recent years we have the seen the regenerative impact of culture on such diverse places as Margate, Hull, Stoke-on-Trent and Waltham Forest in East London. At a time when high streets are suffering from the decline of retail, cultural organisations are often located in a place where they can bring desperately needed visitors back into town centres. They can also be hugely beneficial for local economies, as creative businesses find innovative new purposes for disused spaces, which generate productive and rewarding jobs in areas that have lost traditional industries.

Culture has a similar role in the national economy. Last year we published our latest report into the economic value of culture by the Centre for Economic and Business Research. It found that the cultural sector contributes more to the economy than agriculture, forestry and fishing combined, and will add £13.5billion in 2022, rising to £15.2billion by 2025. Cultural organisations form an indispensable pipeline for the talent, skills and ideas that fuel the wider creative industries and the CEBR report suggested that an agile cultural and creative sector would make an invaluable contribution to our economic recovery.

The cultural sector also makes a huge contribution to England's international prominence in fields such as visual arts, film, TV, music, theatre and video gaming, which has an incalculable benefit for our international reputation and soft power.

The pandemic has shaped our year, but the events and debates following the murder of George Floyd, and the recognition that racism continues to be an issue in the UK as well as in America, caused the National Council to look again at whether it was doing enough to address the barriers to enjoyment and engagement in the arts that race and disability create for many people in this country. It has established Race and Disability Advisory Groups, each led by a member of National Council with support from Area Council members, which will help to develop policy and initiatives that address the issues.

As we emerge from the pandemic the work of the Arts Council will be shaped by our 10 Year Strategy, 'Let's Create'. It sets out three Outcomes and four Investment Principles that will inform how we work up to 2030.

The Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country – set out the impact we want to have, and the kind of country we want to help create. It is one

where every person has the chance to develop their own creativity, and where all of our communities are able to make the most of the benefits culture can deliver. They will be supported by a cultural sector that harnesses the full range of our country's talent, and collaborates with the best artists and cultural organisations from around the world to strengthen our position as an international leader in the arts and creative industries.

The Investment Principles – Ambition and Quality, Inclusivity and Relevance, Dynamism, and Environmental Responsibility – describe the kinds of organisations that we want to invest in to help us get there. They are organisations that strive to produce extraordinary creative work, drawing on the talents of people from every background and every part of the country, in spaces where everyone feels welcome. They are conscious of the environmental impact of their work, and they are innovative in their use of public funding, leveraging their skills in finance and technology to deliver the exciting programmes that represent the best possible return on the investment that is being made by taxpayers and National Lottery players.

The four Principles have guided us throughout this crisis, and they will be at the heart of our work as we begin to rebuild. In the coming years, the Arts Council will need to help organisations adapt their business models to address the challenges of the post-pandemic world in a way that supports their social and environmental responsibilities. We will need to work harder than ever to remove the barriers people face in taking part in culture, some of which have been exacerbated by the pandemic. And we will need to encourage the kinds of research, development and collaboration which have necessarily taken a backseat during this crisis, but which are so essential for the creative progress that drives our sector forward.

None of this will be easy, but I believe that the Arts Council can rise to the challenge. The Arts Council was born out of crisis, having been founded in 1946 to help culture to flourish in the aftermath of the Second World War. Back then, the cultural sector proved it had much to offer to a nation healing from an unprecedented trauma. Covid-19 is of course a crisis of a very different kind. But if we give artists and cultural organisations the support they need, if we do everything we can to make sure that culture is relevant to everyone, if we continue reaching for the heights that we know our sector is capable of achieving, then culture can once again help us, as a nation, to grieve for those we have lost, restore our faith in the future, and begin to move forward.

02. Chief Executive's report

Dr Darren Henley OBE

Chief Executive, Arts Council England

As we come to the end of our second year of living with Covid-19, I am cautiously optimistic about the prospect for culture and creativity in England. We all hope that the coming months will see audiences continuing to return and visitor numbers grow as we begin to heal from the damage wrought by the pandemic.

But as we look forward, we should also acknowledge the sustaining role that the arts, museums and libraries have already played throughout this crisis. I have always believed in the power of culture as a force for good, and it has been heartening to see the lengths to which cultural organisations have gone to over the last year to continue making a positive impact on the world around them.

There have been many brilliant displays of innovation and community spirit. English National Opera, for example, produced the world's first fully staged drive-in opera at London's Alexandra Palace, which was also broadcast on Sky Arts. Meanwhile, the National Holocaust Centre in Nottinghamshire developed an app which takes primary school pupils inside the journey of a Kindertransport refugee, allowing them to access the museum's interactive approach to learning at home. Liverpool literature charity the Reader launched a telephone reading project to support isolated older people, while staff at Suffolk Libraries even went as far as to record a bespoke audio book for one of their elderly users who wanted to listen to her favourite childhood story.

The fact that there has been such demand for cultural organisations to continue their work, even during this crisis, demonstrates the enormous value that people place on culture. It also reminds all of us at the Arts Council why we do what we do. Although our work may sometimes appear technical or bureaucratic, the big picture is about one thing – making people happier.

There is huge potential for culture to continue doing that as we emerge from the pandemic. People are feeling isolated and disconnected after a year of lockdown. Many of us feel uncertain about how to readjust to a more normal way of life. Community spirit and social lives have been superseded by the need for safety, and town centres have been hollowed out by the collapse of retail businesses, an ongoing process accelerated by Covid-19.

Culture can help us to thrive again. Museums, libraries, theatres, galleries, music venues, arts centres and other cultural organisations can provide opportunities for people to make connections with those around them, to express their feelings about what they have been through, and to feel pride in where they live. They can strengthen community ties, bringing together people from different backgrounds to celebrate their creativity, shared interests, history and heritage.

That can only happen though, if culture makes an effort to reach a wider audience. Too many people in England still feel that culture isn't for them – they feel that a career in the creative industries is out of reach, they don't feel that their creativity is valued, and they don't feel welcome in cultural spaces.

So, there is more for us to do to make things fairer. The Arts Council invests money from taxpayers and National Lottery players who come from all kinds of backgrounds and live in villages, towns and cities across the country. We have to make

sure that our funding delivers a return for everyone, in all parts of England, in a way that complements the Government's broader 'levelling up' agenda.

These inequities also prevent us from creating the strongest possible cultural sector, and deprive the country as a whole of the benefits that creativity can deliver. There are people who are every bit as talented as the artists we see in our most prestigious cultural institutions, but whose work remains unseen because they are unaware of the opportunities available and do not, therefore, access them. And there are a multitude of public health and social issues that could be addressed through cultural interventions, if only people from all communities felt there was something on offer they found meaningful.

Rectifying this imbalance is one of the core aims of our 10-year Strategy, 'Let's Create', which includes Inclusivity and Relevance as one of its four Investment Principles. This Principle is our commitment to making cultural spaces welcoming to people from all backgrounds, and ensuring that England's cultural sector reflects the demographics of the country as a whole – in the work it creates, in the leadership, governance and workforces of its organisations, and in the audiences it reaches.

Whether it's the work of our writers, actors, directors, dancers, choreographers, musicians, composers, painters, sculptors, producers, programmers or curators, we are famous the world over for our creativity. It is important that we invest in the cultural institutions that enable this work to happen every day. But it is also important that we invest in the people who make it happen too. So, at the Arts Council we want to develop all of our national talent, with people from villages, towns and cities right across England, people from every ethnicity, people with and without disabilities, people from every socio-economic background all having the chance to have their creative voices

heard. That is the way that our national creativity will continue to thrive. It's how we will develop our national story of creativity, of innovation and of invention well into the 21st century.

Creating this kind of cultural sector is a win-win scenario. And it's not just about investing in the highest quality work – although this must always be the central pillar of what we do. It's also about fairness and opportunity. It means that we can draw on the broadest possible pool of talent to build a cultural sector that takes full advantage of England's unique history and diversity. It means that people throughout the country can enjoy the benefits of creativity and culture. And it means bigger, more engaged audiences for artists and cultural organisations. As a recent assessment of our Creative People and Places programme noted, 'if art pays attention to more people, more people will pay attention to art.'

But making the leap to this kind of sector will only be possible if we give our artists and cultural organisations the support they need to rebuild from the devastation of the pandemic. Our Delivery Plan for 'Let's Create', which we began publishing in March, outlines how we will begin to do that over the next three years.

The Delivery Plan focuses on the areas that we believe are in most urgent need of attention if we are to make the vision of 'Let's Create' a reality. It covers our plans to help organisations to adopt 'fit for the future' business models, the ways we will support cultural sector freelancers, our commitment to enabling international touring and collaboration, and the work we will do to encourage the arts to contribute to placemaking and levelling up, as well as discussion of the internal changes that will need to happen at the Arts Council to support these actions.

There have been questions about whether now is the right time to set out such ambitious plans for the future. It is true that many cultural organisations are still focused on survival rather than creating work. But it is equally true that Arts Council England most are also looking to the future. They know that they have to innovate in order to remain relevant to their audiences in the aftermath of the pandemic, to make art that responds meaningfully to such an enormous crisis, and to capitalise on the social, economic and technological trends emerging from a year of social distancing.

In these circumstances, it is right that Arts Council England leads the way. We do not have the option of going back to how things were; we need to be ambitious, and to do everything in our power to make the most of this unique moment in history. With the ideas and actions set out in 'Let's Create' and its Delivery Plan, I believe we are doing just that.

Our key numbers for 2020/21

Our total income (£m)

2019/20:

- **Lottery:** 249
- **Grant-in-aid:** 493

2020/21:

- **Lottery:** 254
- **Grant-in-aid:** 1,234

Our expenditure 2020/21 (£m)

- Culture Recovery Funds Grants: 689
- National Portfolio Organisations: 340
- Emergency Response Fund: 105
- Music Education Hubs: 78
- Capital: 71
- Arts Council National Lottery Project Grants: 58
- Other Grants: 49

Number of applications processed

- **2020/21:** 27,899
- **2019/20:** 13,223

Number of grants awarded

- **2020/21:** 18,130
- **2019/20:** 4,999

Investment and Development Funds

The Investment and Development Funds awarded by Arts Council England during 2020/21 were as follows:

- **Develop your creative Practice:** 7.7M
- **Creative people and Places fund:** 7.6M
- **Investment principles:** 4.3M
- **Cultural communities:** 4.2M
- **Creative and cultural Country:** 4M
- **Other investment funds:** 3.2M
- **Other development funds:** 1.2M

The value and number of grant awards by funding source and high-level budget category are set out below:

Arts Council Programme Expenditure 2020/21 Comparison to 2019/2020:

Grant in aid

National portfolio organisations

- **2020/21 £M:** 340
- **2019/20 £M:** 336
- 2020/21 Number of Grants: 694
- 2019/20 Number of Grants: 697
- 2020/21 Average Value £M: 0.49
- 2019/20 Average Value £M: 0.48

Arts council project grants

- **2020/21 £M:** 2
- **2019/20 £M:** –
- 2020/21 Number of Grants: 79
- 2019/20 Number of Grants: 21
- 2020/21 Average Value £M: 0.03
- 2019/20 Average Value £M: 0.01

Development funds

- **2020/21 £M:** 6
- **2019/20 £M:** 16
- 2020/21 Number of Grants: 151
- 2019/20 Number of Grants: 619
- 2020/21 Average Value £M: 0.04
- 2019/20 Average Value £M: 0.03

Capital

- **2020/21 £M:** 69
- **2019/20 £M:** 27
- 2020/21 Number of Grants: 77
- 2019/20 Number of Grants: 50
- 2020/21 Average Value £M: 0.90
- 2019/20 Average Value £M: 0.54

Music education hubs

- **2020/21 £M:** 78
- **2019/20 £M:** 77
- 2020/21 Number of Grants: 150
- 2019/20 Number of Grants: 124
- 2020/21 Average Value £M: 0.52
- 2019/20 Average Value £M: 0.62

Other restricted

- **2020/21 £M:** 11
- **2019/20 £M:** 11
- 2020/21 Number of Grants: 98
- 2019/20 Number of Grants: 78
- 2020/21 Average Value £M: 0.11
- 2019/20 Average Value £M: 0.14

CRF repayable finance

- **2020/21 £M:** 252
- **2019/20 £M:** –
- 2020/21 Number of Grants: 36
- 2019/20 Number of Grants: –
- 2020/21 Average Value £M: 7.00
- 2019/20 Average Value £M: –

Culture investment fund

- **2020/21 £M:** 8
- **2019/20 £M:** –
- 2020/21 Number of Grants: 9
- 2019/20 Number of Grants: –
- 2020/21 Average Value £M: 0.89
- 2019/20 Average Value £M: –

Culture recovery funds grants

- **2020/21 £M:** 689
- **2019/20 £M:** –
- 2020/21 Number of Grants: 4,421
- 2019/20 Number of Grants: –
- 2020/21 Average Value £M: 0.16
- 2019/20 Average Value £M: –

Emergency response fund

- **2020/21 £M:** 19
- **2019/20 £M:** –
- 2020/21 Number of Grants: 5,422
- 2019/20 Number of Grants: –
- 2020/21 Average Value £M: –
- 2019/20 Average Value £M: –

Gia culture recovery fund grants

- **2020/21 £M:** –
- **2019/20 £M:** –
- 2020/21 Number of Grants: 7
- 2019/20 Number of Grants: –
- 2020/21 Average Value £M: –
- 2019/20 Average Value £M: –

Lottery

National portfolio organisations

- **2020/21 £M:** –
- **2019/20 £M:** 1
- 2020/21 Number of Grants: –
- 2019/20 Number of Grants: 149
- 2020/21 Average Value £M: –
- 2019/20 Average Value £M: 0.01

Arts council national lottery project

- **2020/21 £M:** 58
- **2019/20 £M:** 102
- 2020/21 Number of Grants: 2,867
- 2019/20 Number of Grants: 4543
- 2020/21 Average Value £M: 0.02
- 2019/20 Average Value £M: 0.02

Development funds

- **2020/21 £M:** 22
- **2019/20 £M:** 77
- 2020/21 Number of Grants: 880
- 2019/20 Number of Grants: 134
- 2020/21 Average Value £M: 0.03
- 2019/20 Average Value £M: 0.57

Capital

- **2020/21 £M:** 2
- **2019/20 £M:** 8
- 2020/21 Number of Grants: 4
- 2019/20 Number of Grants: 3
- 2020/21 Average Value £M: 0.50
- 2019/20 Average Value £M: 2.67

Emergency response fund

- **2020/21 £M:** 86
- **2019/20 £M:** –
- 2020/21 Number of Grants: 4,440
- 2019/20 Number of Grants: –
- 2020/21 Average Value £M: 0.02
- 2019/20 Average Value £M: –

Total

- **2020/21 £M:** 1,642
- **2019/20 £M:** 655
- 2020/21 Number of Grants: 19,335
- 2019/20 Number of Grants: 6,418
- 2020/21 Average Value £M: 0.09
- 2019/20 Average Value £M: 0.10

Our organisation

How we make things happen

FTE employees: 578

- **92%** of staff in our November survey who agree technology has enabled them to do their job remotely
- **0.00%** Median Gender pay Gap as at 1st April 2020
- **14.3%** Black, Asian or Ethnically Diverse employees. (5% increase over the last 3 years)
- **73%** of staff in our November survey who said they felt supported by ACE with their wellbeing.

Offices: 9

- **7.60m²** space per FTE
- Local presence with 9 offices across England
- 77% of our office space (and 71% of our workforce) is located outside Central London
- Roll-out “Smart Working” project now complete, reducing costs

Governance Body Membership: 85

- **15** National Council members
- **5** Area Councils

03. Arts Council Performance 2020/21

Inevitably, this year's Annual Report will look different to previous years.

At the beginning of 2020 we published our new 10-year Strategy, 'Let's Create'. It marks a change in how we talk about our objectives as an organisation, moving from the five Goals of the previous Strategy, 'Great Art and Culture for Everyone', to a set of three Outcomes:

- Creative People – ensuring that everyone has the chance to develop and express their own creativity
- Cultural Communities – making sure that people in villages, towns and cities across the country have access to the highest quality cultural experiences
- A Creative and Cultural Country – enabling England's cultural sector to be innovative and collaborative, and able to support our country's creative industries, national economy and place on the world stage

To support achievement of these outcomes, we have adopted four Investment Principles:

- Ambition and Quality
- Inclusivity and Relevance
- Dynamism
- Environmental Responsibility

The Investment Principles describe the kind of cultural sector we want to build, and the sorts of organisations that we believe are worthwhile recipients of public investment— those that are welcoming to people from all backgrounds and committed to creating the highest quality work, in a way that is both sustainable enough to continue in the long term and flexible enough to respond to challenges as they arise.

These Outcomes and Investment Principles are the guiding force behind our plans to help the cultural sector recover from the pandemic and build a better future for creativity and culture in England.

This year's performance section has two parts. It begins by examining our progress against objectives around our response to Covid-19, which have been informed by the Outcomes and Investment Principles of 'Let's Create'. The second part is a selection of case studies, which highlight how we have begun to work towards the 'Let's Create' Outcomes despite the Covid-19 pandemic.

Our Covid-19 response objectives

When the impact of the pandemic on the sector became apparent in March 2020, we established three objectives to help us support the sector.

The first of these was to **secure the creative and cultural ecology over the short term**. As soon as lockdown restrictions began to be discussed, it was clear that they would have a devastating impact on the cultural sector. We would therefore need to ensure that our cultural organisations and freelancers could weather the immediate financial hardships caused by the pandemic.

The second was that in **designing and delivering the relief programmes, we take into account the impact that the pandemic is having on different communities**. We knew that people from certain backgrounds and locations faced more barriers to accessing cultural experiences and working in the sector, and that this would likely be made worse by the pandemic. Given what we know about the benefits of access to

creativity and culture, Our Covid-19 response objectives and our belief that diversity is an essential part of enabling the highest quality cultural work, a commitment to fairness and inclusivity in our response was essential.

The third objective was to **provide a fast and flexible response to support the sector through the impact of the pandemic**. Since the situation was changing rapidly, we needed to make sure that the Arts Council worked as flexibly as possible, so we could adapt and respond to events as they unfolded. This would help us to meet the changing needs of the people and organisations who rely on our funding, and put our staff in the best possible position to support the sector by enabling them to work effectively from home.

By working towards these objectives, we believe we have been able to make the best use of our limited resources and help put the cultural sector in the strongest possible position to bounce back as we begin to move on from this crisis.

Part One: Our Pandemic Response in 2020/21

Objective 1: Secure the financial resilience of the creative and cultural ecology over the short-term

- **Distributed:** £923m
- **Awards:** 18,134
- **Individuals supported:** 14,903

Emergency Response Funds

Shortly after the first lockdown began, we announced our Emergency Response Funds to help cultural organisations and freelancers survive the financial hardship they were facing. Supporting the sector in this way meant we had to distribute large amounts of funding at an unprecedented speed, and required substantial changes to our usual processes.

- Lockdown **23 March**
- ERF Announced **24 March**
- Guidance published **31 March**
- Round 1 portal opened: **7 April**
Round 2 portal opened: **16 April**
- Decisions: Rolling over 4 weeks
Payments made within 10-14 days of submitted bank details

- **Individuals:** £17.1m
- **NPO/CPP organisations:** £33.6m
- **Additional Organisations:** £47.6m

The Emergency Response Funds were divided into three funds, one focusing on individual creative practitioners, another on organisations without a regular funding relationship with the Arts Council, and a third directed at our regularly funded National Portfolio Organisations and Creative People and Places organisations. Funds one and two opened in April and the third opened in May, with awards announced from June.

To support this work, we suspended our National Lottery Project Grants and Developing Your Creative Practice programmes, as well as our Development Funds for 2020/21. The budgets for these funding streams were reallocated to the Emergency Response Funds, along with nearly all our reserves. We also adapted payment conditions for all National Portfolio

Organisations for six months from March to September and agreed to extend the current Portfolio by a year (to run until 2022/23), with a light touch application process.

Almost 90 per cent of the budget for the Emergency Response Funds came from the National Lottery, with the remainder made up of our core Government funding.

- North: £14.31m
- Midlands: £7.92m
- South West: £8.43m
- South East: £12.92m
- London: £21.14m

Amount awarded by discipline

- **Combined arts:** £13.07M
- **Dance:** £4.51M
- **Film:** £0.25M
- **Libraries:** £0.14M
- **Literature:** £2.46M
- **Museums:** £2.39M
- **Music:** £9.49M
- **Not discipline Specific:** £5.22M
- **Other/ Not known:** £0.43M
- **Theatre:** £15.10M
- **Visual arts:** £11.66M

Emergency response funds for individuals and organisations outside of the national portfolio

- **13,6k** Applicants
- **9,665** Awards
- **71.1%** Applications Awarded
- **£64.72m** Awarded

Sector engagement, research and evidence

While delivering the Emergency Response Funds, we also worked closely with Government, the cultural sector, and external stakeholders to gather evidence about the impact of the pandemic. This included holding a series of virtual round table meetings with representatives from across the sector, focusing on a variety of disciplines and themes.

We shared this evidence with the Department for Digital, Culture, Media and Sport to support the case for Government intervention to help the cultural sector. It also fed into our own thinking and planning around how the Arts Council could best support the sector in the future as we look to move from crisis into recovery.

Culture recovery fund

In July, the Government announced its £1.57 billion Culture Recovery Fund (increased to £1.96 billion in February's budget) to support the sector through the pandemic. In England the grant making process has been delivered by Arts Council England, the National Lottery Heritage Fund, British Film Institute, and Historic England.

Culture recovery fund £1.57BN

of which Arts Council distributed **£750m** through

- **Culture Recovery Grants £687m**
Round 1: **£423m** (2,013 awards)
Round 2: **£265m** (2,279 awards)
- **Emergency Grassroots Music Venues £3.37m (136 venues across the country)**
- **Capital Kickstart Fund £58.9m (74 awards)**

The first round of the fund was designed to help cultural organisations address the initial financial shock of closure. For this round, the Government made up to £500 million available for the Arts Council's Culture Recovery Fund: Grants programme, with a further £270 million available as Repayable Finance. Repayable Finance was administered on behalf of DCMS and overseen by an independent, decision making body. This round also included an Emergency Grassroots Music Venues Fund, and a Capital Kickstart fund to help organisations restart capital projects that had accrued extra costs because of the pandemic. Applications to the Grants, Repayable Finance and Capital Kickstart programmes opened in August 2020, and we received over 3,000 applications.

The second round of the Culture Recovery Fund was announced in December 2020. It was made up of another round of Grants and Repayable Finance, and was intended to support cultural organisations' transition back to a viable and sustainable operating model between April and June 2021.

- **4,502:** Number of Awards
- **£749,605,196:** Awarded Amount

ACE area

- **London:** £234.75m
- **North:** £199.60m
- **South East:** £121.66m
- **Midlands:** £104.94m
- **South West:** £88.66m

Culture recovery fund rounds 1 and 2 (excluding repayable finance) – distribution of funds by area

- **Theatre:** £185M
- **Music:** £172M
- **Combined arts:** £135M
- **Not discipline Specific:** £105M
- **Museums:** £72M
- **Visual arts:** £43M
- **Dance:** £24M
- **Literature:** £8M
- **Other/ Not known:** £5M
- **Film:** £1M
- **Libraries:** £0M

Culture recovery fund rounds 1 and 2 (excluding repayable finance) – Distribution of funds by artform

Supporting individuals

- £17.1m: **Emergency Response funds**
7,500 awards
- £6.25m: **Benevolent Funds**
about 5,000 awards
- £21.6m: **Project Grants 20/21**
1,682 awards
- £7.3m: **Developing your creative practice round 8**
824 awards

Every part of the cultural sector relies heavily on talented freelancers. We knew at the beginning of the pandemic that protecting cultural organisations would be vital for supporting these freelancers, to ensure there would still be employers for them as the sector re-opened. However, we also recognised the need to provide support directly to freelancers, who, much like organisations, required time to stabilise and plan how to continue their practice under the constraints of Covid-19.

We therefore decided to use our remaining resources to provide more direct support to freelancers, complementing the Culture Recovery Fund's focus on organisations.

In July, we reopened our National Lottery Project Grants programme, aiming to award at least 50 per cent of all Project Grant awards under £15,000 to individuals. We redesigned several aspects of the programme to make it easier for freelancers to access, such as removing the requirement for applicants to demonstrate a minimum of 10 per cent match funding. We also expanded the fund's focus to accommodate the unusual circumstances of the pandemic and to allow both individuals and organisations to use Project Grants to support time to think, plan and test new ideas.

Under £15,000 national lottery project grants: awarded to individuals

£19.39 million awarded...

...to **1,575** individuals

...meaning **64.7%** of all under £15,000 Project Grants went to individuals

In October 2020 we also reopened Developing Your Creative Practice, our programme specifically designed to support cultural freelancers. Again, we broadened the programme's scope to enable more freelancers to access the fund, removing the limitations on how many times an individual can apply in a 12-month period. We also increased the programme's budget by £18 million, and as such have significantly increased the number of people supported by these awards compared to previous years.

Developing your creative practice: Awards made 2018-2020

2018

- Round 1: 1,030,000
- Round 2: 1,110,000

2019

- Round 3: 1,350,000
- Round 4: 1,000,000
- Round 5: 980,000
- Round 6: 1,470,000

2020

- Round 7: 1,070,000
- Round 8: 8,240,000

Objective 2: In Designing and Delivering the Relief Programmes, Take Into Account the Impact that the Pandemic is Having on Different Communities

- **3,579 Awards to Black, Asian and Ethnically Diverse applicants**
- **2,198 Awards to D/deaf and disabled applicants**
- **2,290 Awards to applicants from areas of low engagement**

Emergency Response Funding Made to D/deaf or Disabled-Led Organisations or Individuals and Black, Asian and Ethnically Diverse-Led Organisations and Individuals

- **D/deaf or Disabled Individuals or Disabled-Led Organisations: £8.5 Million**
- **Black, Asian and Ethnically Diverse Individuals or Black, Asian and Ethnically Diverse-Led Organisations: £13.1 Million**

Emergency Response Funds Success Rate by Protected Characteristics and Engagement

- 71.1%: Applicants offered funding
- 71.3%: % of individuals offered funding who are **in the 20% of local authority areas that are the lowest engaged with the arts**
- 79.3%: % of **D/deaf or disabled led organisations** offered funding
- 75.2%: % of **Female individuals and led organisations** offered funding
- 77.2%: % of **LGBT individuals and led organisations** offered funding
- 74.3%: % of **Black, Asian and Ethnically Diverse individuals and led organisations** offered funding

Amount of Emergency Response Funds Awarded to Individuals and Organisations Outside of the National Portfolio, by Protected Characteristics

- **£13.1 million**
Awards made to Black, Asian and ethnically Diverse applicants
- **£35.3 million**
Awards made to female applicants
- **£8.5 million**
Awards made to D/deaf and disabled applicants
- **£10.2 million**
Awards made to LGBT applicants

Project Grant Awards by Protected Characteristics

- Black, Asian and Ethnically diverse: **672**
- Female: **1560**
- Disability: **405**
- LGBT: **566**

Individuals may identify by more than one protected characteristic, therefore proportions may exceed the total

From the outset of the pandemic through to the peak of the first wave, evidence began to emerge on the disproportionate impact of Covid-19 on people from certain protected characteristic groups. Many of these groups have also been identified as priorities for our work around 'Let's Create', for example people from Black, Asian and Ethnically Diverse backgrounds, disabled and D/deaf people and those from less privileged socioeconomic backgrounds. We are continuing to develop a process to introduce socio-economic monitoring into our data and intend to roll this out across all programmes by the end of 2021.

When developing and delivering our Emergency Response Funds, we focused on our commitment to ensuring fairer access to funding, as well as our responsibilities under the public sector equality duty. We took a number of measures when designing the Emergency Response Funds to reflect this such as:

- ensuring access support was available for disabled and D/deaf applicants
- setting a higher application ceiling of £3,000 for disabled and D/deaf applicants applying for grants as individuals, to account for additional access support requirements if successful
- prioritising support for disabled-led organisations as part of our balancing criteria
- producing the guidance in a range of alternative formats including Easyread, British Sign Language and large print
- running two rounds for applications, to allow more time for anyone who needed longer to develop their proposal

We also commissioned research on the impact of Covid-19 on the cultural workforce, to look at the effects of the pandemic on people from protected characteristic groups. When we became aware of concerns that cultural sector workers with protected characteristics were losing their jobs at a higher rate than others, we shared guidance around employers' duty of care to their workforce, and in particular employees with protected characteristics.

We also developed a series of equality objectives, which questioned whether any decision we took throughout 2020/21 would help to/in:

Equality Objectives 2020-21

- Improving access to the sector for disabled, neuro-divergent and D/deaf workers, audiences and participants
- Ensure funded organisations and projects improve and can demonstrate meaningful engagement with Black, Asian and Ethnically Diverse workers, audiences and participants
- Challenging racism and embedding anti-racism values across all of the Arts Council's policy and funding decisions
- Address specific disadvantages facing Children and Young People and Older People as a result of Covid-19
- Improving access to creative and cultural activities to those from lower socioeconomic backgrounds

Using these objectives helped us assess how our work supported the communities most impacted by the pandemic and responded to inequity across the cultural sector.

When we reopened National Lottery Project Grants, we were particularly keen to support projects that closely aligned with our equality objectives, which we supported by prioritising applications from individuals and removing the requirement for successful applicants to contribute 10 per cent of the project costs through match funding. We also continued assessing the equality impact of all our other funding programmes to ensure we met our legal duties.

Objective 3: Provide Targeted, Reactive and Flexible Response to Support the Sector Through the Impact of the Pandemic

- 111%
Increase in Applications Processed
- 263%
Increase in Grants Processed
- 63%
Increase in Customer Service Enquiries

This year the Arts Council has been challenged on two fronts as our focus moved to supporting the sector through the impact of the pandemic. We have seen significant shifts, firstly in the scale and urgency of our work, and secondly, in our working practices following the closure of all our offices.

The nature of our work has been different to that of any other time in the Arts Council's history, as we have been responding to a national crisis, processing a huge number of grants at a vastly increased speed to help prevent the collapse of the cultural sector.

Arts Council's Delivery 2020/21 Compared to 2019/20

Applications processed: **+111%**

- **2019/20:** 13,223
- **2020/21:** 27,899

Grants processed: **+263%**

- **2019/20:** 4,999
- **2020/21:** 18,130

Customer Enquiries: **+63%**

- **2019/20:** 80,000
- **2020/21:** 130,000

Early in the pandemic, we reprioritised our resources and redesigned many of our working processes to maximise our capacity for the increased workload. This ensured we could maintain business continuity while also administering the Emergency Response Funds and Culture Recovery Fund.

Business continuity

The Arts Council administers several statutory functions on behalf of Government, including Export Licensing, the Government Indemnity Scheme, the Acceptance in Lieu and Cultural Gifts schemes, and the Reviewing Committee on the Export of Works of Arts and Objects of Cultural Interest. Most of these functions rely on paper-based processes; however, we were able to either continue or reopen schemes after a brief pause by moving to a digital model.

Export Licensing Unit

January – October 2020

- 5,764 export licence applications received
- 5,075 licences issued

Government Indemnity Scheme

1 April 2020 – 31 March 2021

- 624 indemnities issued for 21,832 items
- Total value of indemnities £11.5bn

The Export Licensing Unit had to close to applications at the beginning of the pandemic as it was unable to process paper licences while working from home. However, after launching a redesigned digital licence process, the Export Licensing Unit restarted work on 27 May, and was able to support the sector through the changes that occurred at the end of the transition period following the UK's exit from the European Union. Since then, the Export Licensing Unit has been providing the same

high standard of customer service to exporters as before the pandemic, helping to facilitate trade in the UK art and museum sectors.

The Government Indemnity Scheme remained open, adapting its procedures overnight to extend existing cover, provide alternative cover for postponed, cancelled or rescheduled exhibitions, and issue new indemnities and renewals, as well as developing guidance to help the sector continue to meet the Scheme's requirements.

Working from home

Like many organisations, our staff have been unable to access our offices for the last year, and we have had to adapt to working from home.

Before the pandemic we had already begun to roll out smart working processes, and we were exploring how technology could help our staff to be more productive and effective, while encouraging collaboration and a work-life balance.

The closure of our offices has accelerated this process, and we have had to provide our staff with resources and tools to complete all of their work from home. Our IT team worked tirelessly to ensure staff were appropriately equipped and supported when we first shifted to homeworking, and since then to keep us connected, optimise our system performance, and keep our systems and data secure.

Staff wellbeing has been at the heart of our considerations. We have put in place various measures to support our employees' wellbeing, and make sure they feel connected and informed about our priorities and our work. These measures have contributed to high levels of staff satisfaction during a very challenging year.

I feel well informed about what is happening at the Arts Council

- **May Survey:** 88%
- **June/July Survey:** 89%
- **November Survey:** 83%

I still feel able to communicate with colleagues across the organisation

- **May Survey:** 85%
- **June/July Survey:** 87%
- **November Survey:** 80%

I have a working set up that is comfortable

- **May Survey:** 58%
- **June/July Survey:** 68%
- **November Survey:** 70%

I feel supported with my wellbeing

- **May Survey:** 72%
- **June/July Survey:** 78%
- **November Survey:** 73%

Part Two: 'Let's Create' Outcomes

The second part of this performance section illustrates how we have begun to approach the Outcomes we want to achieve with our 10-year Strategy, '**Let's Create**'.

Although 'Let's Create' was published at the beginning of 2020, the full implementation of the Strategy was deferred to allow us to support the cultural sector through Covid-19. However, creative practitioners and cultural organisations have still delivered a variety of programmes that supported the Outcomes of 'Let's Create', some of which are highlighted in the case studies below.

Outcome 1 – Creative People

Everyone can be creative, and each of us has the potential to develop our creativity further. Taking part in creative acts such as singing, photography or writing delights and fulfils us, and helps us to think, experiment, and better understand the world.

Case study: The Way I See It

‘The Way I See It’ is the Arts Council’s new online gallery, developed in partnership with Google Arts and Culture. It provides a world-wide platform for the creativity and imagination of children and young people, recognising them as artists.

During the 2020 school summer holidays, children and young people across the country were invited to take part in ‘Summer Challenges’ designed to capture and showcase their creative responses to the pandemic.

These challenges were devised by five cultural organisations.

BALTIC Centre for Contemporary Art in Gateshead encouraged young people to create sculptures, poetry, films and animations exploring the things they care most about in this world and what they might want to change, while Heart n Soul in South London delivered ‘Do Your Own Thing’ sessions that supported young people with learning disabilities to create music, dance, radio, and visual art pieces for the gallery.

North London’s Company Three asked them to create video performances about how it felt to be a teenager living through such a momentous period. In the West Midlands, Dancefest challenged young people to submit a 30-second film showcasing something they had learnt during lockdown.

English National Opera's challenge saw children across the country making work based on the concept of an aria – a single character sharing their inner emotional world and thoughts with an audience. A poem inspired by 'The Way I See It' was written by spoken-word artist Kieron Rennie and performed as part of a BBC Two broadcast of Mozart's 'Requiem' live from the London Coliseum.

In October, the open access digital exhibition of over 220 works was launched, bringing together an inspiring, powerful and eclectic mix of art which championed the positive role of culture during the pandemic and celebrated the next generation of creative talent. Much of the artwork in this report is from 'The Way I See It'.

Case study: 'Let's Create' Packs

When schools closed in Spring 2020, the Arts Council wanted to make sure that children most in need of support had access to art supplies at home.

Through our network of 10 Bridge organisations, we worked with charities, community groups, food banks and Annual report and accounts Arts council performance 2020/21 31 schools across the country to get 'Let's Create' packs to as many young people as possible. The packs provided art materials and accessible activities that children could complete without specialist equipment or supervision. Supplies in packs varied and offered lots of scope for being creative; however each contained materials for mark making (pencils, pens, paper) and a sheet of simple **creative ideas** for children devised by Global Teacher Prize winner, Andria Zafirakou.

The Arts Council provided funding and co-ordinated with suppliers, while Bridge organisations worked with schools and other local organisations to create and distribute as many packs as possible to the areas where they were needed most. Thanks to their work, 44,960 packs were delivered to children and families across England between May and October 2020, many of whom were living in poverty or were considered vulnerable, including children in care.

Recipients of the 'Let's Create' packs had many positive things to say. Parents said that children were excited to receive them, that they 'absolutely loved them' and 'got a lot out of them'.

Case study: Music Education Hubs, Norfolk

Throughout 2020, music-making has been more important than ever for many people, providing a creative release as well as a means of socialising with friends and other musicians online. That can be especially true for young people, and Music Education Hubs have worked hard during lockdown to remain accessible to pupils across the country.

Norfolk Music Education Hub was one of many organisations that responded quickly to the challenges brought by social distancing by developing a range of digital resources and virtual events. They also collaborated with new partners and Hubs across the country on exciting projects.

One remarkable project they led was 'Virtual Big Sing', a digital concert which brought together over 100,000 children and young people from 37 Music Education Hubs. Organisers are planning to repeat the event on an even bigger scale in 2021. Another success for the Hub was 'Rapunzel the Lockdown Pantomime' which reached over 200,000 children and young people in December 2020.

Providing more events and resources online has helped Norfolk Music Education Hub significantly increase the size and diversity of their audiences, communicate with partners, and offer more digital activity than ever before. They intend to continue this approach, alongside in-person tuition and events, after the pandemic.

Outcome 2 – Cultural Communities

Culture and the experiences it offers can have a deep and lasting effect on places and the people who live in them. Investment in cultural activities and in arts organisations, museums and libraries helps us improve lives, regenerate neighbourhoods, support local economies, attract visitors and bring people together.

Case study: Thriving Communities Fund

In November 2020 we launched the Thriving Communities Fund, an investment programme designed to promote social prescribing in communities around the country. The Fund focuses especially on the people and communities that have been hardest hit by the pandemic, and the voluntary organisations that work with them.

In partnership with the National Academy for Social Prescribing, Historic England and Natural England, the Fund has so far allocated £1.8 million to 37 projects, which are aiming to reach over 100,000 participants.

Case study: Our Libraries in Lockdown

By 23 March, all public libraries in England had closed their doors, leaving many people with no immediate access to books, computers and other services offered by libraries.

To continue supporting the people who relied on them, libraries immediately started expanding the services they offered online, developing improved information services and live streaming activities such as Read and Rhyme sessions, Lego clubs and book clubs. Libraries Connected, a Sector Support Organisation, worked with qualified librarians to create **Libraries From Home**, a digital platform highlighting the best library resources and activities across the country.

Many library services used their 3D printers to produce personal protective equipment for frontline workers. **Gateshead Libraries**, for example, delivered over 2,000 pieces of equipment to their local hospital, as well as nearby care homes and adult social services organisations, while The Word in South Tyneside worked with mixed media artist Laura Jones to create visors for care workers.

Many other libraries took part in wider efforts to support vulnerable people in their communities through the hardships of lockdown. St Helens Cultural Hubs, for example, have supported their local community with projects including a letter writing service to maintain contact with isolated vulnerable people, and a home delivery service to allow housebound people to continue using the library's services, while Middlesbrough's Central Library was host of the **#HelpBoro** hub. Set up to coordinate community support initiatives at the beginning of the pandemic, the hub was supported by library staff who answered calls, dropped off shopping and prescriptions, and packed food parcels. They also produced a twice-daily storytelling broadcast to continue bringing the benefits of reading to local people, including a bedtime story with Tammy, one of the Community Hub librarians, and her dog Monty.

Outcome 3 – A Creative and Cultural Country

To achieve the first two Outcomes, we need a professional cultural sector that generates new ideas, works easily and effectively with others, and is adept at developing diverse talent from ever community. It should aspire to be world-leading – in the way it makes art, in the imagination and expertise with which it makes exciting use of collections and develops libraries, and in the culture it creates and shares.

Case study: Synergy Dance

Synergy Dance is a company that offers dance, yoga and fitness programmes that are suitable for people of all abilities. A key part of their work is making sure there are no barriers to participation, and that the activities they programme are inclusive and accessible for people with Special Needs and Disabilities.

Disabled and elderly people are some of the groups least likely to take part in physical activity. They have also been more severely impacted by the pandemic than the general population, so Synergy Dance decided to produce specialist online content to address their needs during the pandemic. As well as 230 online classes for general audiences, they have produced 174 classes for people with Special Needs and Disabilities. These include audio dance and yoga classes for blind and partially sighted people, and seated workouts, ParaStars Yoga® and ParaStars Dance™, which helped produce an increase in enrolments from disabled people during the second and third lockdowns.

The classes have helped participants to not only look after their physical health, but also to support their mental wellbeing, boost their confidence, and maintain connections with other people throughout the pandemic.

Case study: Tanya Raabe-Webber

Shropshire-based visual artist Tanya Raabe-Webber was awarded National Lottery Project Grants funding for her project 'Practice in a Digital World', which will work with more than 80 Disabled artists over an 18-month period. The project combines four interconnected strands, drawing particular attention to the pandemic's impact on the limited mobility of disabled people.

Tanya Raabe-Webber has supported artists to develop their practice through online studio group sessions, one-to-one workshops, and the postal service in the four project strands: 'Collaborative Sketchbooks' – digital and handmade collaborative sketchbooks; 'Country Side Special' – a series of self-portraits within a 10-mile radius of Tanya's home studio; 'ArtStudio01' – home studio practices in an online studio space; and 'Postcard Art Express' – an international creative postcard exchange. The postal and digital elements of this project were developed as a direct response to Covid-19 restrictions, helping remove barriers to creativity that Disabled and Neurodiverse artists and creatives face.

As well as raising awareness of Disabled creatives, Tanya plans to develop and adapt her own skills as artist, collaborator and facilitator during the pandemic and beyond, and is looking to work collaboratively with disabled, neuro-divergent, Ethnically Diverse and D/deaf artists in her next project.

04. Remuneration and staff report

1 April 2020 – 31 March 2021

Part-Audited Information

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

The Remuneration Committee

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting in May 2021 where decisions were taken about 2020/21 Executive Board and CEO remuneration, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Catherine Mallyon, Kate Willard and Michael Eakin.

Council Members' Remuneration

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council chairs, and our National Chair.

Remuneration amounts are set by the Department for Digital, Culture, Media and Sport (DCMS) and agreed by the Charity Commission. Those members of National Council who are also chairs of Area Councils were entitled to remuneration of £6,659 each per annum during 2020/21 (2019/20: £6,527). During 2020/21 five members of National Council served as Area Council Chairs. The Chair's salary for the period 2020/21 was £40,000 (2019/20: £40,000). Remuneration and expenses paid to National Council members are shown in the table below:

Executive Directors' Remuneration

For 2020-21, the Remuneration Committee awarded the Executive Directors a consolidated salary increase of 2.0 per cent – in line with the annual cost of living pay increase for all other Arts Council staff under the constraints of the Government's public sector pay cap. For 2021-22 the Government announced a public sector pay freeze for those earning above £24,000. The CEO did not take a consolidated salary increase.

All performance payments to Executive Directors are normally earned on the basis of exceeding performance objectives and overall contribution to the effective leadership of Arts Council England. This is assessed formally through an annual appraisal process and agreed at the Remuneration Committee. The Executive Directors were each awarded a bonus payment of £2,000 in respect of their performance in 2020/21. However, they waived their bonuses and donated the full amount to charity.

The Chief Executive was awarded a bonus payment of £17,499. He chose to donate £10,000 of this to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from backgrounds where it is unusual to enter higher education. The remaining amount was donated to the Arts Council's Staff Development Fund.

National Council Members

Sir Nicholas Serota CH

- **Position:** Chair of the Arts Council
- **Salaries:** £40,000
- **Expenses:** £38
- **Total:** £40,038

Prof Roni Brown

- **Position:** Chair – South East Area Council
- **Salaries:** £6,659
- **Expenses:** £0
- **Total:** £6,659

Ruth MacKenzie CBE

- **Position:** Chair – London Area Council
- **Salaries:** £6,659
- **Expenses:** £0
- **Total:** £6,659

Kate Willard OBE

- **Position:** Chair – North Area Council
- **Salaries:** £6,659
- **Expenses:** £247
- **Total:** £6,906

Helen Birchenough

- **Position:** Chair – South West Area Council
- **Salaries:** £6,659
- **Expenses:** £303
- **Total:** £6,962

Sukhy Johal MBE

- **Position:** Chair – Midlands Area Council
- **Salaries:** £6,659
- **Expenses:** £255
- **Total:** £6,914

Michael Eakin

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

Ciara Eastell OBE

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

David Joseph CBE

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

Catherine Mallyon

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

Andrew Miller MBE

- **Position:** £0
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

George Mpanga

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

Elisabeth Murdoch

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

Paul Roberts OBE Member

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £224
- **Total:** £224

Tessa Ross CBE

- **Position:** Member
- **Salaries:** £0
- **Expenses:** £0
- **Total:** £0

Total

- **Salaries:** £73,295
- **Expenses:** £1,067
- **Total:** £74,362

Executive board remuneration report

Member: Dr Darren Henley OBE

Chief Executive

- 2020/21
 - Salary £000s: 150**
 - Sale of Annual Leave: –**
 - Variable Performance Payment £000s: –**
 - Employers' Pension Contributions £000s: 30**
 - Total Remuneration £000s: 180**
- 2019/20
 - Salary £000s: 150**
 - Sale of Annual Leave: 6**
 - Variable Performance Payment £000s: –**
 - Employers' Pension Contributions £000s: 33**
 - Total Remuneration £000s: 189**

Member: Laura Dyer MBE

Deputy CEO (Places and Engagement)

- 2020/21
 - Salary £000s: 126**
 - Sale of Annual Leave: –**
 - Variable Performance Payment £000s: –**
 - Employers' Pension Contributions £000s: 25**
 - Total Remuneration £000s: 151**
- 2019/20
 - Salary £000s: 123**
 - Sale of Annual Leave: –**
 - Variable Performance Payment £000s: 2**
 - Employers' Pension Contributions £000s: 27**
 - Total Remuneration £000s: 152**

Member: Simon Mellor

Deputy CEO (Arts and Culture)

- 2020/21
 - Salary £000s: 126**
 - Sale of Annual Leave: 5**
 - Variable Performance Payment £000s: –**
 - Employers' Pension Contributions £000s: 25**
 - Total Remuneration £000s: 156**
- 2019/20
 - Salary £000s: 123**
 - Sale of Annual Leave: 0**
 - Variable Performance Payment £000s: 2**
 - Employers' Pension Contributions £000s: 27**
 - Total Remuneration £000s: 152**

Member: Elizabeth Bushell

Chief Finance Officer

- 2020/21
 - Salary £000s: 112**
 - Sale of Annual Leave: 2**
 - Variable Performance Payment £000s: –**
 - Employers' Pension Contributions £000s: 22**
 - Total Remuneration £000s: 136**
- 2019/20
 - Salary £000s: 110**
 - Sale of Annual Leave: 1**
 - Variable Performance Payment £000s: 2**
 - Employers' Pension Contributions £000s: 24**
 - Total Remuneration £000s: 137**

Member: Mags Patten

Executive Director (Public Policy and Communications)

- 2020/21
Salary £000s: 112
Sale of Annual Leave: –
Variable Performance Payment £000s: –
Employers' Pension Contributions £000s: 22
Total Remuneration £000s: 134
- 2019/20
Salary £000s: 110
Sale of Annual Leave: –
Variable Performance Payment £000s: 2
Employers' Pension Contributions £000s: 24
Total Remuneration £000s: 136

Francis Runacres MBE

Executive Director (Enterprise and Innovation)

Member:

- 2020/21
Salary £000s: 112
Sale of Annual Leave: –
Variable Performance Payment £000s: –
Employers' Pension Contributions £000s: 22
Total Remuneration £000s: 134
- 2019/20
Salary £000s: 110
Sale of Annual Leave: –
Variable Performance Payment £000s: 2
Employers' Pension Contributions £000s: 24
Total Remuneration £000s: 136

Member: Richard Russell

Chief Operating Officer

- 2020/21

Salary £000s: 112

Sale of Annual Leave: 2

Variable Performance Payment £000s: –

Employers' Pension Contributions £000s: 22

Total Remuneration £000s: 136

- 2019/20

Salary £000s: 110

Sale of Annual Leave: –

Variable Performance Payment £000s: 2

Employers' Pension Contributions £000s: 24

Total Remuneration £000s: 136

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

Highest paid Director's remuneration

- **2020/21: £149,736**

- 2019/20: £149,736

Median remuneration

- **2020/21: £32,615**

- 2019/20: £31,975

Ratio

- **2020/21: £4.59**

- 2019/20: £4.68

The range of staff remuneration during the year was £18,678 to £149,736 (2019/20: £18,311 to £149,736). The median pay increased by 2.0 per cent compared to 2019/20, because of the annual pay award. However, there was no increase in the 'highest paid director's remuneration' as the CEO did not accept a pay rise. No staff receive any benefits in kind.

Compensation scheme – exit packages

Details of redundancies and other exit packages agreed during 2020/21 are as follows:

Exit package cost band: < £9,999

2020/21

- **Number of Compulsory Redundancies: 1**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: 1**

2019/20

- **Number of Compulsory Redundancies: 1**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2019/20: 1**

Exit package cost band: £10,000 – £24,999

2020/21

- **Number of Compulsory Redundancies: 2**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: 2**

2019/20

- **Number of Compulsory Redundancies: –**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2019/20: –**

**Exit package cost band: £25,000 – £49,999
2020/21**

- **Number of Compulsory Redundancies: 1**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: 1**

2019/20

- Number of Compulsory Redundancies: 1
- Number of Other Departures Agreed: –
- Total exit Packages During 2019/20: 1

**Exit package cost band: £50,000 – £99,999
2020/21**

- **Number of Compulsory Redundancies: –**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: –**

2019/20

- Number of Compulsory Redundancies: –
- Number of Other Departures Agreed: –
- Total exit Packages During 2019/20: –

**Exit package cost band: £100,000 – £149,999
2020/21**

- **Number of Compulsory Redundancies: –**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: –**

2019/20

- Number of Compulsory Redundancies: –
- Number of Other Departures Agreed: –
- Total exit Packages During 2019/20: –

Total number of exit packages by type

2020/21

- **Number of Compulsory Redundancies: 4**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: 4**

2019/20

- **Number of Compulsory Redundancies: 2**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2019/20: 2**

Total resource cost £000s

2020/21

- **Number of Compulsory Redundancies: 88**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2020/21: 88**

2019/20

- **Number of Compulsory Redundancies: 41**
- **Number of Other Departures Agreed: –**
- **Total exit Packages During 2019/20: 41**

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

Tax Arrangements of Public Sector Appointees

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

There were no new off-payroll engagements during 2020/21 for more than £245 per day and that had lasted for longer than six months.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021.

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

Transfer values

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

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

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

Increase in Transfer Value (Net of Inflation)

Member: Darren Henley OBE

Chief Executive

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s: 21 (62)**
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s: 2 (6)**
- **Transfer Value at 31 March 2021 £000s: 368**
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s: 23**
- **Transfer Value at 31 March 2020 £000s: 345**

Member: Laura Dyer MBE

Deputy CEO (Places and Engagement)

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s: 51 (153)**
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s: 2 (7)**
- **Transfer Value at 31 March 2021 £000s: 1,016**
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s: 36**
- **Transfer Value at 31 March 2020 £000s: 997**

Member: Simon Mellor

Deputy CEO (Arts and Culture)

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s:**
22 (65)
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s:** 2 (6)
- **Transfer Value at 31 March 2021 £000s:** 484
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s:** 32
- **Transfer Value at 31 March 2020 £000s:** 446

Member: Elizabeth Bushell

Chief Finance Officer

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s:**
31 (93)
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s:** 2 (6)
- **Transfer Value at 31 March 2021 £000s:** 542
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s:** 24
- **Transfer Value at 31 March 2020 £000s:** 525

Member: Mags Patten

Executive Director (Public Policy and Communications)

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s:**
21 (62)
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s:** 12 (35)
- **Transfer Value at 31 March 2021 £000s:** 384
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s:** 20
- **Transfer Value at 31 March 2020 £000s:** 175

Member: Francis Runacres

Executive Director (Enterprise and Innovation)

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s:**
28 (83)
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s:** 2 (5)
- **Transfer Value at 31 March 2021 £000s:** 605
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s:** 31
- **Transfer Value at 31 March 2020 £000s:** 570

Member: Richard Russell

Chief Operating Officer

- **Accrued Pension (Lump Sum) at 31 March 2021 £000s:**
44 (132)
- **Increase in Pension (Lump Sum) in Year (Net of Inflation) 2020/21 £000s:** 2 (6)
- **Transfer Value at 31 March 2021 £000s:** 881
- **Increase in Transfer Value (Net of Inflation) 2020/21 £000s:** 32
- **Transfer Value at 31 March 2020 £000s:** 860

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



Dr Darren Henley OBE
Chief Executive

DATE: 30 November 2021



Sir Nicholas Serota CH
Chair

Date: 30 November 2021

05. Sustainability report

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

Overall Performance

All Arts Council England offices remained unoccupied for the entire 2020/21 financial year and our staff worked from home. However, it was not possible to 'mothball' our estate during this time due to the need to ensure offices could be brought back into use at short notice should guidance change. While the Birmingham office has been closed, we've taken the opportunity to replace the existing single-glazed windows with new double-glazed units.

Both travel and print showed significant reductions during the period and we will use the lessons learned during this time to inform policy and practice in these areas going forward.

Travel

CO₂ (tonnes)

Rail

- 2018/19: 157
- 2019/20: 101
- **2020/21: 1**

Air

- 2018/19: 54
- 2019/20: 25
- **2020/21: –**

Car

- 2018/19: 57
- 2019/20: 96
- **2020/21: 2**

Total

- 2018/19: **267**
- 2019/20: **222**
- **2020/21: 3**

Cost (£)

Rail

- 2018/19: 822,069
- 2019/20: 743,173
- **2020/21: 5,618**

Air

- 2018/19: 34,767
- 2019/20: 20,251
- **2020/21: –**

Petrol

- 2018/19: 72,535
- 2019/20: 122,992
- **2020/21: 2,871**

Total

- 2018/19: **929,371**
- 2019/20: **886,415**
- **2020/21: 8,489**

Miles

Rail

- 2018/19: 2,199,887
- 2019/20: 1,526,460
- **2020/21: 8,349**

Air

- 2018/19: 271,405
- 2019/20: 159,606
- **2020/21: –**

Car

- 2018/19: 181,337
- 2019/20: 307,481
- **2020/21: 7,177**

Total

- 2018/19: **2,652,629**
- 2019/20: **1,993,547**
- **2020/21: 15,526**

Waste

Non-financial indicators (tonnes)

Total

- 2018/19: **326.67**
- 2019/20: **320.32**
- **2020/21: 13.08**

Landfill

- 2018/19: 0.40
- 2019/20: 0.24
- **2020/21: 0.24**

Reused/recycled

- 2018/19: 326.27
- 2019/20: 320.08
- **2020/21: 12.84**

Financial indicators (£)

Total

- 2018/19: **11,336**
- 2019/20: **12,900**
- **2020/21: 7,743**

Landfill

- 2018/19: 1,948
- 2019/20: 1,484
- **2020/21: 537**

Reused/recycled

- 2018/19: 9,389
- 2019/20: 11,417
- **2020/21: 7,206**

Greenhouse Gas Emissions

CO₂ (tonnes)

Total Gross Emissions (CO₂)

- 2018/19: 179
- 2019/20: 184
- **2020/21: 72**

Gross Emissions Scope 1 (Direct)

- 2018/19: 66
- 2019/20: 48
- **2020/21: 32**

Gross Emissions Scope 2 (Indirect)

- 2018/19: 113
- 2019/20: 136
- **2020/21: 40**

Energy Consumption (kWh)

Electricity

- 2018/19: 397,788
- 2019/20: 479,107
- **2020/21: 139,564**

Gas

- 2018/19: 359,287
- 2019/20: 263,503
- **2020/21: 174,368**

Financial Indicators (£)

Expenditure Energy

- 2018/19: 104,962
- 2019/20: 85,532
- **2020/21: 33,486**

Finite Resource Consumption

Non-financial (m3)

Supplied

- 2018/19: 4,705.77
- 2019/20: 9,535.87
- **2020/21: 1,465.38**

Per Full Time Equivalent (FTE)

- 2018/19: 9.00
- 2019/20: 18.23
- **2020/21: 2.59**

Financial Indicators (£)

Water Supply Costs (Office Water)

- 2018/19: 10,534
- 2019/20: 11,226
- **2020/21: 5,752**

CO2 Whole Estate (Tonnes)

Scope 1 (Gas) (CO2 Tonnes)

- 2018/19: 67
- 2019/20: 48
- 2020/21: 32

Scope 2 (Elec) (CO2 Tonnes)

- 2018/19: 112
- 2019/20: 136
- 2020/21: 40

Scope 3 (Travel) (CO2 Tonnes)

- 2018/19: 267
- 2019/20: 222
- 2020/21: 3

Total (CO2 Tonnes)

- 2018/19: 447
- 2019/20: 406
- 2020/21: 74

Financial Expenditure (£)

Scope 1 (Gas)

- 2018/19: 15,544
- 2019/20: 14,009
- 2020/21: 9,573

Scope 2 (Elec)

- 2018/19: 89,417
- 2019/20: 71,523
- 2020/21: 23,913

Scope 3 (Travel)

- 2018/19: 929,371
- 2019/20: 886,415
- 2020/21: 8,488

Total

- 2018/19: 1,034,342
- 2019/20: 971,947
- 2020/21: 41,974

Water Usage (m3) and Expenditure (£)

Water (m3)

- 2018/19: 4,673
- 2019/20: 9,536
- 2020/21: 1,465

Water Cost (£)

- 2018/19: 10,401
- 2019/20: 11,226
- 2020/21: 5,752

Waste – Non Financial (Tonnes)

Landfill Waste

- 2018/19: 0.40
- 2019/20: 0.24
- 2020/21: 0.24

Recycled Waste

- 2018/19: 327.26
- 2019/20: 320.08
- 2020/21: 12.84

Total

- 2018/19: 327.66
- 2019/20: 320.32
- 2020/21: 13.08

Waste – Financial Indicators (£)

Landfill Waste

- 2018/19: 1,947
- 2019/20: 1,484
- 2020/21: 537

Recycled Waste

- 2018/19: 9,381
- 2019/20: 11,417
- 2020/21: 7,206

Total

- 2018/19: 11,328
- 2019/20: 12,900
- 2020/21: 7,742

Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2021) data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs for travel have been taken from those produced by DEFRA

We will continue to monitor and report progress on KPIs that have a direct impact on carbon emissions and our efficiency targets (e.g. office space utilisation).

06. Trustees' report and management commentary.

Governance Statement

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

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2020 to 31 March 2021.

Role, Mission, Objectives and Activities for the Public Benefit

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

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

the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

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

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 24 to 48.

Arts Council England Governance Framework

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

Arts Council England is regulated in accordance with a management agreement agreed with the Secretary of State for Digital, Culture, Media and Sport. This is supplemented by an agreement for the Provision of Services in Relation to Cultural Objects outlining the statutory framework for delivering the cultural property functions on behalf of the Secretary of State for Digital, Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

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

Arts Council England's Non-Executive Governance Structure

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

National Council

(15 members including the Chair)

Role

- govern and hold overall authority for Arts Council England
- retain overall responsibility for the work and conduct of the organisation
- make decisions on Arts Council England's mission, objectives, priorities and strategies
- make decisions on grants above a certain threshold
- monitor delivery of 10-year strategic framework
- approve corporate plan
- approve Grant-in-Aid and Lottery accounts
- advocate for arts and culture and Arts Council England

Five Area Councils

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

Role

- advise on policy and strategy
- make decisions and recommendations on National Portfolio applications

Museums Accreditation Committee

(16-20 members)

Role

- make decisions on Accreditation status and applications from museums and galleries in the UK
- provide quality assurance
- advocate for the scheme

Performance and Audit Committee

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

Role

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

Designation Scheme Panel

(10 members)

Role

- make decisions on Designation applications from museums, libraries and archives
- provide quality assurance
- advocate for the scheme

Remuneration Committee

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

Role

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

Acceptance in Lieu Panel

(6-24 members)

Role

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

Arts Council Collection Acquisition Committee

(8 members)

Role

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

National Council

Membership of National Council

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

The composition of National Council in 2020-21 was as follows:

- **Sir Nicholas Serota CH**
(chair)
- **Professor Roni Brown**
(south east area council chair)
- **Kate Willard OBE**
(north area council chair)
- **Helen Birchenough**
(south west area council chair)
- **Sukhy Johal MBE**
(midlands area council chair)
- **Ruth Mackenzie CBE**
(london area council chair)
- **Michael Eakin**
- **Ciara Eastell OBE**
- **David Joseph CBE**
- **Catherine Mallyon**
- **Andrew Miller MBE**
- **George Mpanga**
- **Elisabeth Murdoch**
- **Paul Roberts OBE**
- **Tessa Ross CBE**

Highlights of National Council Meetings in 2020/21

During 2020/21, National Council and its committees considered key strategic issues and routine business planning; the topics considered included:

- the National Portfolio Emergency Fund
- governance and business arrangements during the Covid-19 pandemic
- the Arts Council Collection storage
- the Culture Recovery Fund
- strategic risk updates
- the Social Prescribing Fund
- Area Council Appointments
- the Capital Emergency Fund (Kickstart)
- the Delivery Plan for 'Let's Create'
- Acceptance in Lieu Panel
- Programme Budget
- Culture Investment Fund
- Extension of the National Portfolio Funding Period
- Quarterly Investment Risk Report
- Artsmark Trademarks

Further details about National Council's work during the year are available in the minutes from its meetings published on the Arts Council's website.

Summary of National Council's Review of its Effectiveness

National Council reviewed its effectiveness in 2020-21. As part of this it considered:

- The performance of the chair over the year
- How well it had adapted the way it worked in response to the pandemic
- How well it had steered the Arts Council's response to the pandemic
- Its terms of reference and whether any changes were needed.

National Council commended the way that it, its area councils and indeed the organisation had adapted to remote working and maintained its effectiveness during the pandemic. It was noted that National Council had moved swiftly to approve the Arts Council's emergency response package as soon as the impact on the sector had become apparent – by the end of March 2020.

During the year National Council continued to monitor the impact of the pandemic on the Arts and Culture sector meeting as often as needed. During these meetings council members provided vital intelligence on the impact of Covid-19 on the sector and the difference the package of measures was making on the ground.

National Council welcomed the Government's Culture Recovery Fund (CRF), which had provided valuable funds to the sector and commended the way in which the Arts Council had worked in partnership with the Department for Culture Media and Sport and the Culture Recovery Board to distribute CRF grants and loans.

Members had reflected on the establishment of its race and disability advisory groups, which had been set up to provide it with advice on how to respond to the impact of the pandemic on the D/deaf, neurodivergent, disabled, Black, Asian and Ethnically Diverse communities, and to ensure a focus on equality in the Arts Council's Delivery Plan for 21-24. They thanked the members of these advisory groups for their advice and noted the need to include feedback from the advisory groups as a standing item on National Council agendas.

For 2021-22 members were looking forward to returning to face-to-face meetings when it is safe to do so. They felt that it was important that there was a renewed focus on the implementation of the Arts Council's ten-year strategy – 'Let's Create', noting that the sector's recovery and reset following the pandemic would be key to delivering the strategy. As part of this renewed focus on the strategy, members emphasised the importance of National Council having an overview of the opportunities and challenges for various parts of the sector, such as museums, libraries, artforms, freelancers, and in different parts of the country.

National Council considered its terms of reference and noted that no changes were needed.

National council attendances

Sir Nicholas Serota CH

- **National Council:** 14/14

Helen Birchenough

- **National Council:** 14/14

Professor Roni Brown

- **National Council:** 10/14

Michael Eakin

- **National Council:** 13/14
- **Performance and Audit Committee*:** 4/4
- **Remuneration Committee:** 1/1

Ciara Eastell OBE

- **National Council:** 13/14

Sukhy Johal MBE

- **National Council:** 12/14

David Joseph CBE

- **National Council:** 10/14

Ruth Mackenzie CBE

- **National Council:** 10/14

Catherine Mallyon

- **National Council:** 11/14
- **Performance and Audit Committee*:** 2/4
- **Remuneration Committee:** 1/1

Andrew Miller MBE

- **National Council:** 14/14

George Mpanga

- **National Council:** 13/14

Elisabeth Murdoch

- **National Council:** 13/14

Paul Roberts OBE

- **National Council:** 14/14
- **Performance and Audit Committee*:** 4/4
- **Remuneration Committee:** 1/1

Tessa Ross CBE

- **National Council:** 14/14

Kate Willard

- **National Council:** 13/14
- **Performance and Audit Committee*:** 4/4
- **Remuneration Committee:** 0/1

Other Members of Performance and Audit Committee

Claire Ashby

- **Performance and Audit Committee*:** 3/4

Clive Parritt

- **Performance and Audit Committee*:** 3/4

Tracy Staines

- **Performance and Audit Committee*:** 4/4

*Performance and Audit Committee attendance is inclusive of four meetings from 10th June 2020 to 13th April 2021, the latter being included as part of the 2020/21 schedule.

Committees and Sub-Committees

Area Councils

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

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

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

Performance and Audit Committee

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

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

The Performance and Audit Committee responded flexibly in supporting the Arts Council through the 2020/21 crisis period of Covid-19, including keeping committee agendas under close review for rapid change and updating committee members with key organisational developments between meetings.

Key areas scrutinised by the Performance and Audit Committee during 2020/21 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets, and the Arts Council's risk management processes. The Performance and Audit Committee also considered the strength of our information security, fraud detection, and assurance on the Culture Recovery Fund (CRF).

There is currently a vacancy on the Committee but plans for recruitment were paused after the transition to the crisis working period of Covid-19. In January 2021 recruitment was reassessed by the Chair of the Committee. The decision was taken to advertise the vacancy with the aim of recruiting to ensure a range of skills on the Committee that would match the developing post-Covid-19 governance requirements of the major areas of ACE financial commitment.

At their Annual Review of Effectiveness in April 2021, Performance and Audit Committee decided their goals for the upcoming 2021/22 year would include: continuing to seek the appropriate balance between the two foci of Performance and Audit; considering major areas of Arts Council England financial commitment and the governance implications therein; effectively supporting and challenging the development of 'Let's Create' and its first Delivery Plan; and seeking optimal ways of managing heavy business agendas in the developing context of Covid-19.

Remuneration Committee

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

Executive management

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

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

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

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

During the crisis of Covid-19, Executive Board increased the frequency of its formal meetings in order to meet the needs of the arts and culture sector through the emergency period. Executive Board oversaw all areas of the Arts Council's response work in 2020/21, including the Emergency Response Funds and both rounds of the Culture Recovery Fund, the latter managed in regular liaison with the Culture Recovery Board and DCMS.

Executive Board is supported by a Management Committee, a National Investment Panel, whose membership includes the two Deputy Chief Executives and the five Area Directors, and other panels and decision making groups. The National Investment Panel also supported the decision-making process on both rounds of the Culture Recovery Fund in 2020/21.

There are written terms of reference and procedures for National Council and its subcommittees and Executive Board.

Membership of executive board in 2020/21

Name: 1 Dr Darren Henley OBE

- **Job title:** Chief Executive

Name: 2 Laura Dyer MBE

- **Job title:** Deputy Chief Executive, Places and Engagement

Name: 3 Simon Mellor

- **Job title:** Deputy Chief Executive, Arts and Culture

Name: 4 Elizabeth Bushell

- **Job title:** Executive Director and Chief Financial Officer

Name: 5 Mags Patten

- **Job title:** Executive Director, Communication and Public Policy

Name: 6 Richard Russell

- **Job title:** Executive Director and Chief Operating Officer

Name: 7 Francis Runacres

- **Job title:** Executive Director, Enterprise and Innovation

Risk Management and Internal Control

Risk management

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

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

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes
- Operational: risks to the delivery of our area or departmental plans
- Programmes/Projects/Thematic Risk: Risks to the delivery of individual programmes, projects and to particular areas of our work

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

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion the arts, museums and libraries. We seek to minimise exposure to financial, legal, compliance and reputational risk. The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. Neither can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

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

System for managing risk

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

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

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

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually.

During 2020/21, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter.

Our risk position changed quickly in 2020/21, and we therefore reported monthly to Executive Board and quarterly to the Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis and aligned to our Covid-19 response programme, with progress on implementing relevant controls and mitigating actions reported to the Executive Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

The major residual risks which National Council considers most significant are:

Impact of Covid-19 on the Sector

The most significant risk that we managed in 2020/21, and that we anticipate remaining significant for the Arts Council and the sector that we support, is the Covid-19 pandemic and its impact on the sector.

Covid-19 has resulted in the closure of arts and culture venues to the public for the better part of the last year. The risk remains that many artists and creative practitioners will not be able to sustain their careers, and vital cultural organisations will not be able to remain solvent through and after this crisis.

In response, we have reallocated our funds to roll out a support package aimed at individuals, non-National Portfolio Organisations, and National Portfolio Organisations. We also delivered two rounds of the Culture Recovery Fund on behalf of DCMS. We have made delivery of the response packages our number one priority, and where necessary have temporarily redeployed staff to ensure that these programmes can be delivered speedily. We are collecting data on the impact on the

sector and are in constant contact with Government, about the impact of the crisis, and the Government's support package on our sector.

Beyond delivery of the response fund, we also working with Government, the sector, local government and other key stakeholders on plans for recovery and re-emergence.

We remain committed to our new Strategy, 'Let's Create', and we are reconsidering our plans for delivering the strategy in the wake of Covid-19.

Covid-19 is also severely impacting on local government, the largest investor in the arts and culture sector in England. This has exacerbated our concerns over the possibility of further reductions in local authority investment. We will continue to work with the Local Authorities, elected Mayors, the Local Government Association, the Ministry of Housing, Communities and Local Government, Local Enterprise Partnerships and others to maintain, and make the case for the vital role that libraries, museums and arts organisations play in our local communities.

Arts Council England has maintained full business continuity despite the lockdown by switching to remote working, and we will be reviewing how we work to ensure that we remain effective over this crisis and can deliver our new strategy.

We are not seen as responding to the equality issues highlighted by Covid-19

In the wake of the inequitable impact of Covid-19, we managed the risk that we would not respond in an effective and significant way to a lack of parity in the arts and culture sector and embed equality into our strategic decision making, Delivery Plan, and recovery packages.

In response, we developed a set of 12-month Equality Objectives to inform all our immediate work, including our Covid-19 response. We are transitioning from the Creative Case to our new Inclusivity and Relevance Investment Principle which enables us to increase our focus on accountability beyond programming to also include Workforce, Leadership and Governance as well as our wider work with audiences and local communities. A new set of Equality Objectives have been developed which will run in parallel with our Delivery Plan for 2021-24.

Other key risks for the Arts Council include:

Our future income

Our two main sources of income are Grant-in-Aid and funding from the National Lottery. Our current Grant-in-Aid settlement is for a one-year duration. A Spending Review was announced on 27 October 2021, and we look forward to hearing more detail about our settlement from DCMS soon. This settlement will determine the extent to which we are able to continue supporting the sector's re-emergence from Covid-19 and deliver the new strategy. We continue to monitor the impact of Covid-19 on our National Lottery income, together with the potential impact of transition to a fourth National Lottery licence in 2023.

Arts Council and the arts and culture sector is not sufficiently resourced to manage the impact of Britain's exit from the EU

Britain left the EU bloc on 31 December 2020, meaning that the movement of goods, services, and movement post-transition may be restricted with changes in customs arrangements, visas, export licensing, and/or potential introduction of tariffs. Organisations in the arts and culture sector may be unsure how to, or be unable to, continue trading within the EU, which could make the Arts Council's ambitions for the sector, as outlined in 'Let's Create', more difficult to achieve. We continue to work closely with DCMS to help the sector navigate these challenges. We are also partnering with the other UK arts councils to provide a single point of information for the sector and determine where we can increase our support.

Adapting the way we work as an organisation to reflect the context and delivery of our new 10-year Strategy

Our new 10-year Strategy, 'Let's Create', is ambitious, and to deliver it effectively we will need to change as an organisation. The strategy contains commitments that set out how we will work over the next decade: to keep our delivery on track, to ensure that we are held to account, and to serve as an invitation to others to join us as partners. Our Delivery Plan will set out how we will deliver on these commitments over the first three years of the Strategy. We have established a Workstream led by the Chief Financial Officer to determine the implementation of the necessary changes.

Data security and personal data

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

There were no major security incidents involving data at the Arts Council during 2020/21. There were 29 minor incidents where there was no adverse impact on, or damage to, individuals in relation to personal data. No personal data breaches were reported to the ICO. The Arts Council dealt with all incidents immediately; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

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

Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. No whistleblowing cases were reported and investigated during 2020/21.

Conflicts of Interest

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

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

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

<https://www.artscouncil.org.uk/nationalcouncil/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-executivedirector-principles/12-principles-ofgovernance-for-all-public-body-neds>

Internal audit

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

Audit Committee papers and attend the Performance and Audit Committee meetings.

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

In their 2020/21 annual report, RSM stated that, in their opinion:

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

Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors with the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A review of the effectiveness of our system of internal control has taken place. National Council and the Performance and Audit Committee have been advised about the findings in the review and a plan to address weaknesses and ensure continuous improvement of the system is in place.


Assessment of the effectiveness of internal control during 2019/20

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


For 2020/21, internal audit completed reviews of the following areas:

- 1) Remote Working and Operational Resilience
- 2) Culture Recovery Funding
- 3) Finance System Implementation
- 4) Project Management Critical Friend Review
- 5) ERF and CRF Post Event Assurance Landscape
- 6) Risk Appetite Advisory Review
- 7) ERF and CRF – Government Grant Standards
- 8) ERF and CRF – Data Analytics

Where weaknesses have been identified during the course of internal audit's work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2020/21 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.



Dr Darren Henley OBE
Chief Executive
30 November 2021



Sir Nicholas Serota CH

Chair

30 November 2021

Staff Report

It has been an extraordinary year for Arts Council staff and ways of working. In March 2020, when the emergency lockdown began, the whole organisation switched to working from home on an almost overnight basis and continued to do so for the remainder of the year. Meetings have been conducted virtually and documents shared through newer online collaborative spaces, as well as the more 'traditional' email. The nature of our work, our systems and equipment made the transfer to radical new working conditions a seamless success. Good internal communications have been essential – with an increase in the importance, volume and frequency of our staff intranet messages, together with the introduction of weekly all staff catch up meetings with members of Executive Board. When the wider restrictions ease, we hope to be able to return to offices and visiting arts and culture events and colleagues, but the ambition is to retain a number of the new ways of working which have rapidly emerged during 2020/21, and conduct our business and collaboration in a more flexible and agile way.

During a most challenging year for public health, the Arts Council's sickness absence has remained low at 1.4 per cent of total working days (down from 2.2 per cent in 2019/20). We introduced the important role of Mental Health First Aiders, launched a bespoke online wellbeing course for colleagues and extensively promoted our Employee Assistance Programme.

We have conducted surveys of staff morale and wellbeing across the year. In our November survey, after eight months of home working, 78 per cent of respondents reported being either happy with this or saw it as working well in the circumstances. 70 per cent said they liked the work-life balance of working from home, 70 per cent said they felt connected to their team, 92 per cent felt technology had successfully enabled them to do their job remotely and 73 per cent felt supported with their wellbeing.

With the delivery of Culture Recovery Funds, workloads have sometimes been high, but we have brought in new roles to support delivery of these – with the organisational headcount rising from 586 (540 full-time equivalent) to 622 (578 full-time equivalent). This figure includes the recruitment to around 27 new roles to deliver the Cultural Investment Fund over the next few years. Our voluntary leaver rate was only 3.5 per cent (compared with 8.5 per cent in 2019/20) and there were no major redundancy programmes in the year. Some roles were lost or redeployed as part of a reorganisation of our Museums and Cultural Property function.

Arts Council colleagues were awarded a 2 per cent consolidated salary increase in 2020/21, which is within the requirements set by the Civil Service Pay Guidance, which we adhere to.

We have continued to focus on diversity in recruitment through the year, and our proportion of Black, Asian and Ethnically diverse staff in the year rose from 12.1 per cent in 2019/20 to 14.3 per cent in 2020/21.

% of Staff Who Identify as Black, Asian and Ethnically Diverse

[A graph on page 72 of the standard print version shows the following approximate information:]

- 2011: 10.1
- 2012: 9.8
- 2013: 10.1
- 2014: 10.1
- 2015: 10.0
- 2016: 9.5
- 2017: 9.5
- 2018: 9.8
- 2019: 11.8
- 2020: 12.0
- 2021: 14.0

% of Staff Who Identify as Disabled, D/Deaf or Neurodivergent

Our numbers of disabled, D/deaf and neuro-diverse staff rose from 7.0 per cent in 2019/20 to 7.7 per cent in 2020/21.

[A graph on page 73 of the standard print version shows the following approximate information:]

- 2010: 4.0
- 2011: 4.0
- 2012: 3.8
- 2013: 4.0
- 2014: 4.0
- 2015: 3.2
- 2016: 3.7

- 2017: 5.3
- 2018: 5.5
- 2019: 6.7
- 2020: 6.8
- 2021: 7.7

% of Staff Who Identify as Lesbian, Gay or Bisexual

A total of 14.5 per cent of our staff body is LGB. These figures are the highest proportions since we began our current record-keeping methods 13 years ago.

[A graph on page 73 of the standard print version shows the following approximate information:]

- 2010: 8.3
- 2011: 8.7
- 2012: 8.4
- 2013: 8.0
- 2014: 9.8
- 2015: 9.8
- 2016: 11.8
- 2017: 12.4
- 2018: 12.4
- 2019: 13.8
- 2020: 14.0
- 2021: 14.0

For the year ending 2019/20, our median gender pay gap was zero and the mean was 6.0 per cent.

Trade union facility time

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

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

The information for Arts Council England is as follows:

Relevant union officials

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

- **Number of employees who were relevant union officials during the relevant period: 18**
- **Full time equivalent employee number: 17.1**

Percentage of time spent on facility time

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

Percentage of time: 0%

- **Number of employees: 0**

Percentage of time: 1-50%

- **Number of employees: 18**

Percentage of time: 51%–99%

- **Number of employees: 0**

Percentage of time: 100%

- **Number of employees: 0**

Percentage of pay bill spent on facility time

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

- Total cost of facility time: £19,178
- Total pay bill: £21,183,273
- Percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$: 0.09%

Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

- Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$: 100%

Grants to Locally Governed Organisations

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

Public Sector Information

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

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

Better Payment Practice Code

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2020/21, 100 per cent of invoices were paid within 30 days (2019/20: 100 per cent) and we paid 97.6 per cent of invoices within five days (2019/20: 96.7 per cent).

Corporate Information

Principal address as at 31 March 2021

21 Bloomsbury Street
London WC1B 3HC

Banker

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

Co-operative Bank
78-80 Corn Hill
London EC3V 3NJ

Auditor

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

Administrators, actuaries and investment advisers to the Arts Council

Retirement Plan

Hyman Robertson LLP
20 Waterloo Street
Glasgow G2 6DB

Administrators, actuaries and investment advisers to the West Yorkshire

Pension Fund

Aon Hewitt
25 Marsh Street
Bristol
BS1 4AQ

Solicitors

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

07. Strategic report

DCMS KPIS

The Secretary of State for Digital, Culture, Media and Sport (DCMS) sets priorities for the Arts Council which sit alongside our key performance indicators (KPIs). These performance indicators may be reviewed over the duration of the Arts Council's management agreement with DCMS.

The data for the KPIs 1-5 reflect 2019/20 due to the schedule in which we collect data from our National Portfolio Organisations.

KPI 1: Sustained attendance and visitor numbers in National Portfolio Organisations and Major Partner Museums (thousands) (note 1)

KPI 1A Total Audience/Visitor Numbers (000s)

- 2017/18: 39,371
- 2018/19: 43,998
- 2019/20: 45,382

Note 1: Data shows total known attendances for England, UK, and the rest of the world (excluding children and young people). We have only included attendances reported by the 565 organisations who provided valid data every year for the past three consecutive years (this is referred to as a constant sample). Estimated attendances, for example from non-ticketed events, have been excluded. For 2019/20 the funding condition attached to annual survey submission was waived in recognition of the challenges faced by organisations at the onset of the Covid-19 pandemic; there were 766 out of 828 submissions.

Breakdown by five Arts Council areas: Attendance and visitor numbers in National Portfolio Organisations and Major Partner Museums by area (thousands):

KPI 1B Total audience/visitor numbers by arts council areas (000s)

Area: London

- **2017/18:** 15,906
- **2018/19:** 19,792
- **2019/20:** 20,638

Area: Midlands

- **2017/18:** 6,823
- **2018/19:** 6,722
- **2019/20:** 5,517

Area: North

- **2017/18:** 8,392
- **2018/19:** 9,870
- **2019/20:** 10,801

Area: South East

- **2017/18:** 4,140
- **2018/19:** 4,571
- **2019/20:** 5,464

Area: South West

- **2017/18:** 4,109
- **2018/19:** 3,042
- **2019/20:** 2,961

KPI 2: Proportion of National Portfolio Organisation and Major Partner Museum Board members who identify with the following characteristics (note 2):

Proportion of National Portfolio Organisation and Major Partner Museum Board members who identify with diversity characteristics:

Black, Asian and Ethnically Diverse

- 2017/18: 14%
- 2018/19: 15%
- 2019/20: 18%

Lesbian, Gay and Bisexual

- 2017/18: 6%
- 2018/19: 7%
- 2019/20: 8%

Female

- 2017/18: 46%
- 2018/19: 47%
- 2019/20: 49%

Disabled

- 2017/18: 6%
- 2018/19: 7%
- 2019/20: 9%

Note 2: The KPI data is based on all annual survey data submitted, in line with the approach taken for Equality, Diversity and the Creative Case: A Data Report, 2019-20.

KPI 3: The proportion of National Portfolio Organisations producing at least one screening or broadcast in the reporting year

Proportion of National Portfolio Organisations producing at least one screening or broadcast in the reporting year (note 3):

Total

- 2017/18: 306
- 2018/19: 521
- 2019/20: 525

%

- 2017/18: 46%
- 2018/19: 65%
- 2019/20: 69%

Note 3: Includes film screenings, virtual reality experiences, television and radio broadcasts, and creative content products created to be consumed online (podcasts, vlogs, apps, etc) across the whole portfolio.

KPI 4: An increase in contributed and earned income in National Portfolio Organisations and major Partner Museums, All England

Earned and contributed income in National Portfolio Organisations and Major Partner Museums from constant sample (£000s):

All England:

Earned

- 2017/18: 880,000
- 2018/19: 899,000
- 2019/20: 841,620

Contributed

- 2017/18: 201,000
- 2018/19: 217,000
- 2019/20: 206,873

Total

- 2017/18: 1,081,000
- 2018/19: 1,116,000
- 2019/20: 1,048,493

Breakdown by five Arts Council areas: combined earned and contributed income in National Portfolio Organisations and Major Partner Museums by area (£000s) (Note 4):

Area: London

- 2017/18: 524,000
- 2018/19: 539,000
- 2019/20: 493,205

Area: Midlands

- 2017/18: 199,000
- 2018/19: 204,000
- 2019/20: 168,159

Area: North

- 2017/18: 188,000
- 2018/19: 199,000
- 2019/20: 168,444

Area: South East

- 2017/18: 89,000
- 2018/19: 96,000
- 2019/20: 142,436

Area: South West

- 2017/18: 82,000
- 2018/19: 78,000
- 2019/20: 76,247

Note 4: Totals may vary due to rounding.

KPI 5: Proportion of National Portfolio Organisations undertaking international activities in the reporting year

Proportion of National Portfolio Organisations undertaking international activities in the reporting year (including England-only tours):

% touring internationally

- 2017/18: 21%
- 2018/19: 39%
- 2019/20: 28%

% with international dimension

- 2017/18: 57%
- 2018/19: 67%
- 2019/20: 51%

KPI 6: Total number of schools engaged in meaningful contact by Arts Council funded Bridge Organisations

Total number of schools (note 5) engaged in meaningful contact by Arts Council funded Bridge Organisations

- 2018/19: 5,153
- 2019/20: 4,935
- 2020/21: 3,496

Note 5: Includes all state-funded nursery, primary, secondary, and special schools (included NMSS and independent special schools), and PRU/alternative provision schools. Does not include sixth form colleges, sixth form centres, so-called 'all through' schools, and independent schools.

KPI 7: The proportion of National Lottery project grant applications processed within the published timeframe

2016/17

- **A:** 99.83
- **B:** 99.13
- **C:** 99.73
- **Target: 90**

2017/18

- **A:** 95.50
- **B:** 97.07
- **C:** 95.74
- **Target: 90**

2018/19

- **A:** 96.44
- **B:** 96.19
- **C:** 96.40
- **Target: 90**

2019/20

- **A:** 99.32
- **B:** 97.42
- **C:** 98.94
- **Target: 90**

2020/21

- **A:** 94.95
- **B:** 95.50
- **C:** 95.06
- **Target: 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.

Financial Review, Grant-In-Aid

Our income

Arts Council England receives Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £1,231 million for the year (2019/20: £492 million), which included £691 million for the Culture Recovery Fund, grants programmes and £71.1 million of capital funds to allocate as grants. It also included funding from the Department for Education of £82.1 million (2019/20: £80.8 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last four years.

Our Income

[A graph on page 85 of the standard print version shows the following approximate information:]

2017/18

- **Gia £m:** £497
- **lottery £m:** £229

2018/19

- **Gia £m:** £487
- **lottery £m:** £223

2019/20

- **Gia £m:** £492
- **lottery £m:** £248

2020/21

- **Gia £m:** £1,231
- **lottery £m:** £250

Grant-in-Aid Restricted Income

The Arts Council received funding specifically for the following programmes and projects during 2020/21:

Libraries Taskforce

- **Revenue Funding £million: 0.27**
- **Capital Funding £million: –**

Cultural Investment Fund

- **Revenue Funding £million: 1.33**
- **Capital Funding £million: 0.30**

Coventry City of Culture

- **Revenue Funding £million: 4.50**
- **Capital Funding £million: 1.40**

Culture Recovery Fund

- **Revenue Funding £million: 690.63**
- **Capital Funding £million: 58.88**

Loneliness Fund

- **Revenue Funding £million: 5.03**
- **Capital Funding £million: –**

Edinburgh Festival

- **Revenue Funding £million: 1.00**
- **Capital Funding £million: –**

Northern Culture Regeneration Fund

- **Revenue Funding £million: –**
- **Capital Funding £million: 1.72**

Arts Infopoint UK

- **Revenue Funding £million: 0.03**
- **Capital Funding £million: –**

Cultural Admin

- **Revenue Funding £million: 0.13**
- **Capital Funding £million: –**

NYDC

- **Revenue Funding £million: 0.20**
- **Capital Funding £million: –**

Sorrell National Art&Design clubs

- **Revenue Funding £million: 0.13**
- **Capital Funding £million: –**

Expansion of Bridge networks

- **Revenue Funding £million: 0.62**
- **Capital Funding £million: –**

Museums and Schools

- **Revenue Funding £million: 1.20**
- **Capital Funding £million: –**

Music for Youth

- **Revenue Funding £million: 0.11**
- **Capital Funding £million: –**

Grant-in-Aid expenditure

Our expenditure increased by 147 per cent in 2020/21. The majority of this increase was due to the Culture Recovery Fund programmes which the Arts Council administered on behalf of the Department for Digital, Culture, Media and Sport (DCMS). Expenditure of £426 million in relation to round 1 of the Culture

Recovery Fund: Grants Programme, £263 million in relation to round 2 of the Culture Recovery Fund: Grants Programme, and £59 million in relation to the Capital Kickstart programme are included in these accounts. In addition, the Arts Council administered the Culture Recovery Fund: Repayable Finance programme. The accountable body for these loans is the DCMS and therefore the loans are not included in these accounts.

In 2017 the Arts Council announced allocations for its National Portfolio Organisations for the period 2018-22. Of grants relating to the 2020/21 financial year, the third year of this portfolio, £340 million are included in these accounts (2019/20: £336 million).

In addition, we spent £25 million (2019/20: £16 million) through grants and direct expenditure on development and investment programmes and £78 million (2019/20: £77 million) on Music Education Hubs.

Grant-in-Aid Expenditure 2017-2021

- 2020/21: £1,236m
- 2019/20: £494m
- 2018/19: £487m
- 2017/18: £497m

Grant-in-Aid Expenditure (£m)

[A graph on page 87 of the standard print version shows the following approximate information:]

Culture Recovery Fund Grants

- 2019/20: 0
- 2020/21: 690

Restricted – Other

- 2019/20: 30
- 2020/21: 90

Music Education Hubs

- 2019/20: 75
- 2020/21: 75

Development Funds

- 2019/20: 30
- 2020/21: 30

Arts Council Project Grants

- 2019/20: 10
- 2020/21: 10

National Portfolio Organisations

- 2019/20: 350
- 2020/21: 350

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

Our out-turn against our revenue DEL budgets, set by DCMS, is a £0.33 million underspend (2019/20: £0.23 million underspend). However, the statement of financial activities shows net expenditure for the year of £8.47 million (2019/20: net expenditure of £0.55 million).

The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to pension costs, the treatment of provisions (which include the West Yorkshire Pension Fund liability) – ie new

provisions and unutilised provisions are not included within our DEL totals until they are utilised. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance.

At 31 March 2021, Arts Council England had unrestricted reserves of £301,000 (2019/20: £11.8 million) together with £1.4 million (2019/20: £1.2 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so. In March 2020, to support our response to the Covid-19 crisis, National Council and HM Treasury agreed that we could use all £12.8 million of our unrestricted reserves for emergency funds to support the arts and culture sector.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2020/21 were £80,000 including VAT (2019/20: £72,990 including VAT). Full details in relation to financial instruments are given in note 26 to the Grant-in Aid accounts.

A significant amount of work was carried out by ACE staff to confirm that the grant awards were made appropriately and that there has been no fraud or error. This included obtaining Certified Income and Expenditure reports from Independent Accountants and obtaining evidence of expenditure from a sample of Grant Applicants to confirm that this was in line with the Grant Funding Agreements. 10% of CRF1 grant recipients were sampled and satisfactory information was received from all applicants within the sample.

Due to a change in the rules relating to the Coronavirus Job Retention Scheme (CJRS) a potential issue of double-funding was identified. Initial checks have identified that approximately £7.5 million worth of grants was awarded to cover costs where the applicant had also claimed CJRS funding. £6 million of this funding has been reclaimed and the process to recover the remaining £1.5 million has commenced. Further checks on potential CJRS duplicate funding will be carried out once HMRC data is made available to us.

Due to the additional work carried out on Post Event Assurance for CRF Grants and CJRS the formal signing of the AR&A by the Chief Executive and Chair was delayed from June 2021 to November 2021.

Lottery Expenditure

Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £168 million (2019/20: £187 million).

At year-end, a total of £216 million (2019/20: £345 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £211 million (2019/20: £263 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £216 million of Lottery grant commitments are known to be spread over a five-year period from 1 April 2021 to 31 March 2026.

Lottery programme expenditure (£m)

[A graph on page 89 of the standard print version shows the following approximate information:]

- **Emergency Response Fund: 81**
- **Capital: 3**
- **Development Funds: 19**
- **Arts Council National Lottery Project Grants: 58**

Actual proceeds from the National Lottery received in 2020/21 were £253 million. This was higher than the £248 million received in 2019/20 and was due to several large jackpot rollovers in the year.

Our Lottery balance policy was reviewed by National Council in March 2020. As a result of the pandemic, and the proposed Emergency Response Fund programme, National Council agreed to a temporary reduction in the reserves requirement to £10 million. This was a short-term proposal intended to manage the immediate impact of the crisis on the Arts sector and allowed us to put £143 million of Lottery funding into our Emergency Response Fund. In December a further review of the policy was carried out and based on an assessment of the relevant risks, National Council approved that our Lottery budgets should preserve a balance of at least £25 million in each year over the period to March 2023. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes as possible during these difficult times for the sector.

Our Lottery balance exceeds this amount at year end due to the need to hold cash for grants with longer term cashflow requirements beyond 31 March 2021.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2020/21 (see pages 296 to 313).

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

Fees payable to the National Audit Office for Lottery external audit services during 2020/21 were £62,500 (2019/20: £60,825).

Consolidated activities

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Digital, Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2020/21 and 2019/20 financial years.

[In the following lists we detail for each item:

- Item: **2020/21 £000s; 2019/20 £000s]**

Income

- Grant-in-Aid income: **1,230,475**; 492,057
 - Share of the National Lottery Distribution Fund: **253,130**; 247,871
 - Investment returns on the Distribution Fund: **148**; 1,199
 - Other income: **4,753**; 1,032
- Total income: 1,488,506**; 742,159

Expenditure

- Net Grant-in-Aid grant commitments: **1,219,363**; 469,536
 - Other Grant-in-Aid arts expenditure: **3,372**; 6,004
 - Net Lottery grant commitments: **158,888**; 177,315
 - Lottery Invoiced Arts Expenditure: **1,192**; 586
 - Support costs: **36,800**; 36,776
- Total expenditure: 1,419,615**; 690,217

- Net gains/(losses) on investments: **55**; (70)

Net income/(expenditure): 68,946; 51,872

- Gain on revaluation of heritage assets: **2,648**; 8,629
- Actuarial gains/(losses) on defined benefit pension schemes: **1,393**; (1,948)

Total: 4,041; 6,681

Net movement in funds: 72,987; 58,553

Consolidated reserves brought forward: 384,563; 326,010

Consolidated reserves carried forward: 457,550; 384,563

Administration costs are 2.38 per cent of income (2019/20: 5.94 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £18.49 million, which is 1.49 per cent of income (2019/20: 4.88 per cent). Lottery administration (excluding one-off IT costs) totalled £17.10 million, which is 6.71 per cent of income (2019/20: 7.48 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

Plans for the Future

‘Let’s Create’, our Strategy for the next 10 years, describes our vision that, by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we will publish a series of Delivery Plans over the next decade. These will set out in more detail the steps we will take to deliver ‘Let’s Create’ and how we will resource them. The first Delivery Plan covers 2021-24.

In March 2021 we published the context for this Plan and the themes we’ll be focusing on, as well as how our existing funding programmes will resource our plans. We also introduced our Equality Objectives for the next three years.

Our five themes for this Delivery Plan have arisen out of our conversations with the Government and those working in the cultural sector over the course of the last year, and they are designed to focus on those areas viewed as being in most pressing need of attention and investment if we are to successfully navigate the new, post-pandemic landscape. The themes are:

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

It will only be possible to deliver 'Let's Create' if there is shared commitment across the cultural sector to creating more inclusive working environments that develop and value all our talent. This means that we will actively support the development of safe workplaces where harassment and discrimination are challenged and eliminated so that everyone is treated equitably and fairly and supported to realise their full potential.

The four Equality Objectives below set out how we will put our legal duty into action over the next three years. They will remain in place for the duration of this Delivery Plan. These objectives will inform all aspects of the design and delivery of our work and will be supported through the development of discrete Equality Analyses for all new work that we undertake.

Our four Equality Objectives are:

1. We will ensure a more equitable distribution of our investment to improve opportunities for everyone, especially those with underrepresented protected characteristics and from disadvantaged socio-economic groups.
2. We will invest in inclusive cultural organisations whose leadership, governance and workforce – and the independent creative practitioners they support – represent the diversity of contemporary England.
3. We will invest in a cultural sector that is more relevant to all of England's communities, especially those that have been historically underserved by public investment in culture.

4. We will become a more inclusive and relevant national development agency for creativity and culture that models good practice.

Statement of Trustees' and Chief Executive's Responsibilities

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

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

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

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

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

- a meeting with the Chief Finance Officer to go through the financial controls
- receiving feedback from Management Committee on review of internal audit reports and other internal control matters
- discussing the annual review and accounts at an Executive Board meeting attended by Executive Board colleagues, including the Chief Financial Officer
- attending Performance and Audit Committee meetings where matters are scrutinised

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

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

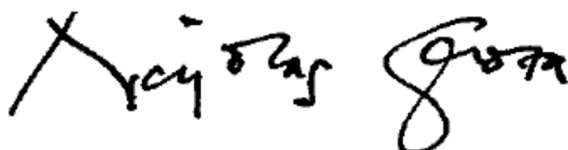
In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission. A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, 21 Bloomsbury, London, WC1B 3HF.



Dr Darren Henley OBE

Chief Executive

30 November 2021



Sir Nicholas Serota CH

Chair

30 November 2021

08. Grant-in-Aid accounts

The Audit Report of the Comptroller and Auditor General to the Trustees of the Arts Council England

Opinion on Financial Statements

I have audited the financial statements of Arts Council England, Grant-in-Aid for the year ended 31 March 2021 under the Royal Charter and the Secretary of State Directions thereunder. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Arts Council England's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder.

Opinion on Regularity

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

Basis for Opinions

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

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

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

Conclusions Relating to Going Concern

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

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

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

The going concern basis of accounting for the Arts Council England is adopted in consideration of the requirements set out in Arts Council England Grant-in-aid accounts 93 financial reporting framework, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual report but does not include the financial statements and my auditor's report thereon. The Trustees and Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives

rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on Other Matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Royal Charter;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I Report by Exception

In the light of the knowledge and understanding of Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual report.

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Annual report and accounts the Accounting Officer anticipate that the services provided by Arts Council England will not continue to be provided in the future.

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Royal Charter.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of noncompliance with laws and regulation, including fraud. My procedures included the following:

- Inquiring of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations including the Arts Council England's controls relating to the Royal Charter, and Managing Public Money;
- assessing the incentives for management to manipulate reported income and expenditure to remain within voted Parliamentary control totals;
- reviewing the Department's accounting policies;
- using analytical procedures to identify any unusual or unexpected relationships and transactions;
- discussing among the engagement team and involving relevant internal specialists, including actuaries for the defined benefit pensions obligation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of the Arts Council England's framework of authority as well as other legal and regulatory frameworks that the Arts Council England operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included Secretary of State Directions issued under the Royal Charter, tax law, employment law and Managing Public Money.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

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

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

This description forms part of my certificate.

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

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

2 December 2021

Statement of Financial Activities for the Period Ending 31 March 2021

[All amounts are £000s]

Income and Endowments from:

Donations and legacies (note: 2a)

- Unrestricted Funds: 364,422
- Restricted Funds: 866,131
- Endowment Funds: 1,230,625
- Total 2020/21: 72
- Total 2019/20: 492,133

Investments (note 2b)

- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: 6
- Total 2020/21: 6
- Total 2019/20: 149

Charitable activities (note 3)

- Unrestricted Funds: 513
- Restricted Funds: 2,440
- Endowment Funds: –
- Total 2020/21: 2,953
- Total 2019/20: 736

Other: Lottery distribution accounts (note 4)

- Unrestricted Funds: 17,425
- Restricted Funds: –
- Endowment Funds: –
- Total 2020/21: 17,425
- Total 2019/20: 18,821

Total income and endowments

- Unrestricted Funds: **382,360**
- Restricted Funds: **868,571**
- Endowment Funds: **78**
- Total 2020/21: **1,251,009**
- Total 2019/20: **511,839**

Expenditure On:

Charitable activities (including Governance costs) (note 4)

- Unrestricted Funds: 373,696
- Restricted Funds: 868,414
- Endowment Funds: –
- Total 2020/21: 1,242,110
- Total 2019/20: 493,497

Other: Support costs attributable to Lottery distributions accounts (note 4)

- Unrestricted Funds: 17,425
- Restricted Funds: –
- Endowment Funds: –
- Total 2020/21: 17,425
- Total 2019/20: 18,821

Total expenditure

- Unrestricted Funds: 391,121
- Restricted Funds: 868,414
- Endowment Funds: –
- Total 2020/21: 1,259,535
- Total 2019/20: 512,318

Net gains/(losses) on investments (note 9)

- Unrestricted Funds: (10)
- Restricted Funds: –
- Endowment Funds: 65
- Total 2020/21: 55
- Total 2019/20: (70)

Total income/(expenditure) before other recognised gains and losses

- Unrestricted Funds: (8,771)
- Restricted Funds: 157
- Endowment Funds: 143
- Total 2020/21: (8,471)
- Total 2019/20: (549)

Other Recognised Gains/Losses

Gain on revaluation of heritage assets (note 10)

- Unrestricted Funds: 2,643
- Restricted Funds: 5
- Endowment Funds: –
- Total 2020/21: 2,648
- Total 2019/20: 8,629

Actuarial gains/(losses) on defined benefit pension schemes (note 7)

- Unrestricted Funds: 1,393
- Restricted Funds: –
- Endowment Funds: –
- Total 2020/21: 1,393
- Total 2019/20: (1,948)

Net movement in funds (note 31)

- Unrestricted Funds: (4,735)
- Restricted Funds: 162
- Endowment Funds: 143
- Total 2020/21: (4,430)
- Total 2019/20: 6,131

Reconciliation of Funds

Balance brought forward at 1 April

- Unrestricted Funds: 255,312
- Restricted Funds: 6,123
- Endowment Funds: 539
- Total 2020/21: 261,974
- Total 2019/20: 255,843

Total funds carried forward at 31 March

- Unrestricted Funds: 250,577
- Restricted Funds: 6,285
- Endowment Funds: 682
- Total 2020/21: 257,544
- Total 2019/20: 261,974

All amounts stated in the statement of financial activities relate to continuing activities. The notes on pages 153 to 245 form part of these accounts.

Balance Sheet as at 31 March 2021

[All amounts are £000s]

Fixed assets

Tangible assets (note 10)

- Unrestricted Funds: 3,407
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: 3,407
- Total 31 March 2020: 2,967

Heritage assets – Works of art (note 10)

- Unrestricted Funds: 247,372
- Restricted Funds: 5,556
- Endowment Funds: –
- Total 31 March 2021: 252,928
- Total 31 March 2020: 249,944

Investments (note 9)

- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: 683
- Total 31 March 2021: 683
- Total 31 March 2020: 539

Total fixed assets

- Unrestricted Funds: **250,779**
- Restricted Funds: **5,556**
- Endowment Funds: **683**
- Total 31 March 2021: **257,018**
- Total 31 March 2020: **253,450**

Current assets

Debtors (note 12)

- Unrestricted Funds: –
- Restricted Funds: 288,051
- Endowment Funds: –
- Total 31 March 2021: 288,051
- Total 31 March 2020: 103,351

Due from Arts Council Lottery accounts (note 11)

- Unrestricted Funds: –
- Restricted Funds: 1,488
- Endowment Funds: –
- Total 31 March 2021: 1,488
- Total 31 March 2020: 3,042

Grants paid in advance (note 13)

- Unrestricted Funds: 1,128
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: 1,128
- Total 31 March 2020: 5,555

Cash and cash equivalents (notes 19/20)

- Unrestricted Funds: 18,131
- Restricted Funds: 170,105
- Endowment Funds: –
- Total 31 March 2021: 188,236
- Total 31 March 2020: 14,389

Total current assets

- Unrestricted Funds: **19,259**
- Restricted Funds: **459,644**
- Endowment Funds: –
- Total 31 March 2021: **478,903**
- Total 31 March 2020: **126,337**

Liabilities:

Creditors: amounts falling due within one year

Grants outstanding (note 14)

- Unrestricted Funds: 13,466
- Restricted Funds: 456,555
- Endowment Funds: –
- Total 31 March 2021: 470,021
- Total 31 March 2020: 106,107

Creditors (note 15)

- Unrestricted Funds: 4,425
- Restricted Funds: 2,361
- Endowment Funds: –
- Total 31 March 2021: 6,786
- Total 31 March 2020: 4,642

Total creditors: amounts falling within one year

- Unrestricted Funds: **17,891**
- Restricted Funds: **458,916**
- Endowment Funds: –
- Total 31 March 2021: **476,807**
- Total 31 March 2020: **110,749**

Net current assets

- Unrestricted Funds: **1,368**
- Restricted Funds: **728**
- Endowment Funds: –
- Total 31 March 2021: **2,096**
- Total 31 March 2020: **15,588**

Total assets less current liabilities

- Unrestricted Funds: **252,147**
- Restricted Funds: **6,284**
- Endowment Funds: **683**
- Total 31 March 2021: **259,114**
- Total 31 March 2020: **269,038**

Creditors: amounts falling due after more than one year

Provisions for liabilities and charges (note 16)

- Unrestricted Funds: 1,066
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: 1,066
- Total 31 March 2020: 3,089

Net assets excluding pension liability

- Unrestricted Funds: **251,081**
- Restricted Funds: **6,284**
- Endowment Funds: **683**
- Total 31 March 2021: **258,048**
- Total 31 March 2020: **265,949**

Defined benefit pension scheme liability (note 7)

- Unrestricted Funds: 504
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: 504
- Total 31 March 2020: 3,975

Net assets including pension liability

- Unrestricted Funds: **250,577**
- Restricted Funds: **6,284**
- Endowment Funds: **683**
- Total 31 March 2021: **257,544**
- Total 31 March 2020: **261,974**

The funds of the charity

Represented by income funds (note 17)

Unrestricted fund

- Unrestricted Funds: 301
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: 301
- Total 31 March 2020: 11,846

Restricted fund

- Unrestricted Funds: –
- Restricted Funds: 728
- Endowment Funds: –
- Total 31 March 2021: 728
- Total 31 March 2020: 652

Represented by capital funds (note 17)

Endowment funds

- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: 683
- Total 31 March 2021: 683
- Total 31 March 2020: 539

Designated fund

- Unrestricted Funds: 247,373
- Total 31 March 2021: 247,373
- Total 31 March 2020: 244,473

Donated asset reserve

- Unrestricted Funds: –
- Restricted Funds: 5,556
- Endowment Funds: –
- Total 31 March 2021: 5,556
- Total 31 March 2020: 5,471

Capital reserve

- Unrestricted Funds: 3,407
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: 3,407
- Total 31 March 2020: 2,967

Pension reserve (note 7)

- Unrestricted Funds: (504)
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2021: (504)
- Total 31 March 2020: (3,974)

Total charity funds

- Unrestricted Funds: **250,577**
- Restricted Funds: **6,284**
- Endowment Funds: **683**
- Total 31 March 2021: **257,544**
- Total 31 March 2020: **261,974**

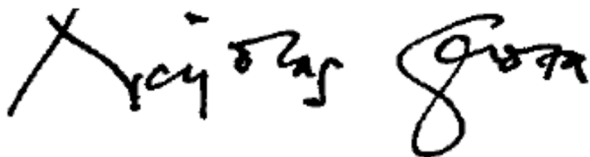
The notes on pages 153 to 245 form part of these accounts.



Dr Darren Henley OBE

Chief Executive

30 November 2021



Sir Nicholas Serota CH

Chair

30 November 2021

Cash Flow Statement for the Year Ended 31 March 2021

[In the following lists we detail for each item:

- Item: **2020/21 £000s**; 2019/20 £000s]

Cash Flows from Operating Activities:

- Funds received from the Department for Digital, Culture, Media and Sport: **1,048,602**; 433,020
- Other cash receipts: **19,256**; 18,655
- Grants paid to arts organisations and other bodies: **(851,023)**; (490,301)
- Cash paid to and on behalf of employees: **(29,109)**; (29,059)
- Other cash payments: **(12,327)**; (10,401)

Net cash provided by/(used in) operating activities (note 18): 175,399; (78,086)

Cash Flows from Investing Activities:

- Interest received on short-term cash deposits: –; 136
 - Dividends received: **6**; 13
 - Purchase of tangible fixed assets: **(1,470)**; (926)
 - Sale of tangible fixed assets: –; –
- Net cash provided by/(used in) investing activities: (1,464); (777)**

Cash Flows from Financing Activities:

- Endowment Income/(Investments): **(88)**; (13)
- Net cash provided by/(used in) financing activities: (88); (13)**

Change in cash and cash equivalents in the reporting period (notes 19/20): 173,847; (78,876)

- Cash and cash equivalents at the beginning of the reporting period (note 20): **14,389**; 93,265
- Change in cash and cash equivalents due to exchange rate
- Movements: –; –
- Cash and cash equivalents at the end of the reporting period (note 20): **188,236**; 14,389

The notes on pages 153 to 245 form part of these accounts.

Notes to the Grant-in-Aid Accounts

1a. Basis of Accounts

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport in May 2002. They meet the requirements of the Companies Acts, and of the Statements of Standard Accounting Practice/ Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as those requirements are appropriate.

The accounts are presented in accordance with the Charities SORP 2019 issued by the Charity Commission in 2019. The accounts are prepared on a going concern basis and a historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2020/21, the values of fixed assets expressed in current cost terms, with the exception of the Works of Art Collection, are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet. Assets held in the Works of Art Collection are disclosed at market value.

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

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery

activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 126.

1b. Income

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

1c. Expenditure

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. In this respect, we have not been able to comply with paragraph 7.19 of the SORP issued by the Charity Commission in 2019. The Trustees do not believe this would provide a true and fair view of Arts Council England's resources. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

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

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

1d. Depreciation and Fixed Assets

Tangible fixed assets excluding heritage assets

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

- freehold buildings: 50 years
- leasehold buildings: life of the lease
- fixtures and fittings: five years
- motor vehicles: five years

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

Heritage assets

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

Works of art

The Works of Art Collection is revalued at market value on a rolling basis, with the highest value items revalued annually. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. Any surplus or deficit on revaluation is reported in the statement of financial activities. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at current value ascertained by the curator with reference to current knowledge of prices, the market and the advice of other experts where necessary.

1e. Leases

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

1f. Taxation

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

1g. Pensions

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

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

1h. Apportioned Costs

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

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

1i. Change in Accounting Policy

There were no changes in accounting policy during 2020/21.

For organisations which prepare their accounts under IFRS, a new accounting standard, IFRS16 (Leases), came into effect during 2019/20.

As our Grant-in-Aid accounts are prepared under Charities SORP (FRS102) we do not have to comply with this Standard and are required to continue using IAS17 instead.

1j. Financial Instruments

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

1k. Security for Capital Grants

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

2 Income

2a. Voluntary income

[All amounts are £000s]

Donations and Legacies

Cash Grant-in-Aid Voted by Parliament and Paid in Full

Core funding – revenue

- Unrestricted funds: 347,936
- Restricted funds: –
- Endowment funds: –
- Total 2020/21: 347,936
- Total 2019/20: 346,706

Administration

- Unrestricted funds: 15,216
- Restricted funds: 3,431
- Endowment funds: –
- Total 2020/21: 18,647
- Total 2019/20: 17,090

Core capital

- Unrestricted funds: 1,270
- Restricted funds: –
- Endowment funds: –
- Total 2020/21: 1,270
- Total 2019/20: 870

Ring-fenced funds

- Unrestricted funds: –
- Restricted funds: 862,622
- Endowment funds: –
- Total 2020/21: 862,622
- Total 2019/20: 127,390

Total

- Unrestricted funds: 364,422
- Restricted funds: 866,053
- Endowment funds: –
- Total 2020/21: 1,230,475
- Total 2019/20: 492,056

Other Donations and Legacies

Donations/Bequests

- Unrestricted funds: 0
- Restricted funds: 78
- Endowment funds: 72
- Total 2020/21: 150
- Total 2019/20: 76

Donations and Legacies income

- Unrestricted funds: **364,422**
- Restricted funds: **866,131**
- Endowment funds: **72**
- Total 2020/21: **1,230,625**
- Total 2019/20: **492,132**

2b. Investment Income

Investment Income

Bank Interest received

- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: –
- Total 2020/21: –
- Total 2019/20: 136

Dividend Income

- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: 6
- Total 2020/21: 6
- Total 2019/20: 13

Investment Income

- Unrestricted Funds: –
- Restricted Funds: **0**
- Endowment Funds: **6**
- Total 2020/21: **6**
- Total 2019/20: **149**

3. Income from charitable activities

Grants, Sponsorship and Donations Received

Local Authorities

- Unrestricted Funds: 17
- Restricted Funds: –
- Total 2020/21: 17
- Total 2019/20: 274

Non-government bodies

- Unrestricted Funds: 30
- Restricted Funds: 4
- Total 2020/21: 34
- Total 2019/20: –

Other central Government bodies

- Unrestricted Funds: 414
- Restricted Funds: 2,436
- Total 2020/21: 2,850
- Total 2019/20: 442

Other grants, sponsorship and donations

- Unrestricted Funds: 10
- Restricted Funds: –
- Total 2020/21: 10
- Total 2019/20: 12

Public Corporations

- Unrestricted Funds: 12
- Restricted Funds: –
- Total 2020/21: 12
- Total 2019/20: –

Sundry

- Unrestricted Funds: 30
- Restricted Funds: –
- Total 2020/21: 30
- Total 2019/20: 7

Net incoming/(outgoing) resources for the year

- Unrestricted Funds: **513**
- Restricted Funds: **2,440**
- Total 2020/21: **2,953**
- Total 2019/20: **735**

4. Analysis of Expenditure

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

4a. Expenditure on Charitable Activities

[All amounts are £000s]

National Portfolio Organisations and Major Partner Museums

- Activities Undertaken Directly:
- Grant Funding of Activities: 339,834
- Net support Costs: 2,817
- Total 2020/21: **342,651**
- Total 2019/20: 343,317

Arts Council National Lottery Project Grants

- Activities Undertaken Directly:
- Grant Funding of Activities: 1,762
- Net support Costs: 69
- Total 2020/21: **1,831**
- Total 2019/20: 286

Development and investment funds

- Activities Undertaken Directly: 3,372
- Grant Funding of Activities: 24,889
- Net support Costs: 3,904
- Total 2020/21: **32,165**
- Total 2019/20: 29,242

Music Education Hubs

- Activities Undertaken Directly:
- Grant Funding of Activities: 78,260
- Net support Costs: 1,232
- Total 2020/21: **79,492**
- Total 2019/20: 78,205

Restricted – Other

- Activities Undertaken Directly:
- Grant Funding of Activities: 775,935
- Net support Costs: 11,353
- Total 2020/21: **787,288**
- Total 2019/20: 44,354

Lapsed and revoked commitments

- Activities Undertaken Directly:
- Grant Funding of Activities: (1,317)
- Net support Costs: –
- Total 2020/21: **(1,317)**
- Total 2019/20: (1,908)

Total

- Activities Undertaken Directly: **3,372**
- Grant Funding of Activities: **1,219,363**
- Net support Costs: **19,375**
- Total 2020/21: **1,242,110**
- Total 2019/20: **493,495**

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

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 – £100,000 for arts, museums and libraries projects, replacing Grants for the Arts. The programme sets out to achieve the Arts Council’s mission, ‘Great art and culture for everyone’. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the hub. Hubs are coordinated by the hub lead organisation, which takes on responsibility for the funding and governance of the hub. The total amount of funding from the Department for Education in 2020/21 was £78.81 million (2019/20: £77.53 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These include £695 million in relation to the Culture Recovery Fund (2019/20 £0 million)

4b. Analysis of Support Costs

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

[All amounts are £000s]

Staff costs

- Total Support Costs 20/21: 25,397
- Less Charged to Lottery: (13,188)
- Total GIA 2020/21: **12,209**
- Total GIA Restated 2019/20: 13,715

Indirect staff costs

- Total Support Costs 20/21: 782
- Less Charged to Lottery: 74
- Total GIA 2020/21: **856**
- Total GIA Restated 2019/20: 568

Premises

- Total Support Costs 20/21: 2,095
- Less Charged to Lottery: (1,047)
- Total GIA 2020/21: **1,048**
- Total GIA Restated 2019/20: 1,391

Supplies and Services

- Total Support Costs 20/21: 3,298
- Less Charged to Lottery: (1,626)
- Total GIA 2020/21: **1,672**
- Total GIA Restated 2019/20: 1,427

Travel and Subsistence

- Total Support Costs 20/21: 39
- Less Charged to Lottery: (20)
- Total GIA 2020/21: **19**
- Total GIA Restated 2019/20: 847

Professional Fees

- Total Support Costs 20/21: 3,383
- Less Charged to Lottery: (813)
- Total GIA 2020/21: **2,570**
- Total GIA Restated 2019/20: 939

Central Costs

- Total Support Costs 20/21: 480
- Less Charged to Lottery: (130)
- Total GIA 2020/21: **350**
- Total GIA Restated 2019/20: 396

Depreciation

- Total Support Costs 20/21: 693
- Less Charged to Lottery: –
- Total GIA 2020/21: **693**
- Total GIA Restated 2019/20: 664

Other recharges

- Total Support Costs 20/21: –
- Less Charged to Lottery: (353)
- Total GIA 2020/21: **(353)**
- Total GIA Restated 2019/20: (313)

IT project costs

- Total Support Costs 20/21: 633
- Less Charged to Lottery: (322)
- Total GIA 2020/21: **311**
- Total GIA Restated 2019/20: 189

Total

- Total Support Costs 20/21: 36,800
- Less Charged to Lottery: (17,425)
- Total GIA 2020/21: **19,375**
- Total GIA Restated 2019/20: 19,822

Corporate governance costs included above

- Total Support Costs 20/21: –
- Less Charged to Lottery: –
- Total GIA 2020/21: **629**
- Total GIA Restated 2019/20: 1,333

Some figures which were classified in Note 4a as “Activities undertaken directly” in previous years have now been reclassified as “Net Support Costs”. As a result of this the prior year figures for Note 4b have been restated to ensure that the figures in both tables are consistent.

4c. Analysis of Grants by Recipient

[All amounts are £000s]

National Portfolio Organisations and Major Partner Museums

- Grants to Institutions: 339,834
- Grants to Individuals: –
- Total 2020/21: **339,834**
- Total 2019/20: 335,948

Arts Council National Lottery Project Grants

- Grants to Institutions: 1,147
- Grants to Individuals: 615
- Total 2020/21: **1,762**
- Total 2019/20: 279

Strategic development, communications and advocacy

- Grants to Institutions: 12,394
- Grants to Individuals: 12,495
- Total 2020/21: **24,889**
- Total 2019/20: 16,018

Music Education Hubs

- Grants to Institutions: 78,260
- Grants to Individuals: –
- Total 2020/21: **78,260**
- Total 2019/20: 76,985

Culture Recovery Funds

- Grants to Institutions: 688,954
- Grants to Individuals: –
- Total 2020/21: **688,954**
- Total 2019/20: –

Restricted – Other

- Grants to Institutions: 86,981
- Grants to Individuals: –
- Total 2020/21: **86,981**
- Total 2019/20: 42,213

Lapsed and revoked commitments

- Grants to Institutions: (1,317)
- Grants to Individuals: –
- Total 2020/21: **(1,317)**
- Total 2019/20: (1,908)

Total

- Grants to Institutions: 1,206,253
- Grants to Individuals: 13,110
- Total 2020/21: **1,219,363**
- Total 2019/20: 469,535

A detailed breakdown of all grant commitments can be found at:
www.artscouncil.org.uk/governance/spending

5a. Staff costs

[All amounts are £000s]

Staff costs comprise

Salaries and wages

- Total: 20,125
- Restricted: 1,653
- Less Charged to Lottery: 10,405
- Total Grant-in-Aid 2020/21: **8,067**
- Total 2019/20: 10,926

Employer's National Insurance

- Total: 2,135
- Restricted: 171
- Less Charged to Lottery: 982
- Total Grant-in-Aid 2020/21: **982**
- Total 2019/20: 974

Employer's pension contributions

- Total: 3,811
- Restricted: 316
- Less Charged to Lottery: 1,753
- Total Grant-in-Sid 2020/21: **1,742**
- Total 2019/20: 1,899

Redundancy Costs

- Total: 21
- Restricted: –
- Less Charged to Lottery: (1)
- Total Grant-in-Aid 2020/21: **22**
- Total 2019/20: 86

Agency staff

- Total: 938
- Restricted: 814
- Less Charged to Lottery: 49
- Total Grant-in-Aid 2020/21: **75**
- Total 2019/20: 108

Total

- Total: 27,030
- Restricted: 2,954
- Less Charged to Lottery: 13,188
- Total Grant-in-Aid 2020/21: **10,888**
- Total 2019/20: 13,993

Total salary costs were significantly lower this year mainly due to pension fund costs. During 2019- 20 the costs of the ACRP deficit repayment plan (totalling £2.1m) were charged to the SoFA. These costs did not recur during 2020-21. In addition to this we received a lump sum payment from Staffordshire Pension Fund totalling approximately £1.6m which was also credited to the SoFA. Both of these issues resulted in staff costs being lower than the last financial year

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

Direct delivery of programmes

- Permanent Staff: 13
- Agency Staff: –
- 2020/21: **13**
- 2019/20: 15

Support and corporate governance

- Permanent Staff: 534
- Agency Staff: 19
- 2020/21: **553**
- 2019/20: 523

Total

- Permanent Staff: 547
- Agency Staff: 19
- 2020/21: **566**
- 2019/20: 538

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

Direct delivery of programmes

- Permanent Staff: 14
- Agency Staff: –
- 2020/21: **14**
- 2019/20: 17

Support and corporate governance

- Permanent Staff: 579
- Agency Staff: 25
- 2020/21: **604**
- 2019/20: 577

Total

- Permanent Staff: 593
- Agency Staff: 25
- 2020/21: **618**
- 2019/20: 594

5b. Emoluments by bands

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

Pension scheme: Emoluments for the Year:

£60,000-£69,999

- Defined Benefit: 14
- Defined Contribution: 3
- No Pension: –
- Total 2020/21: 17
- Total 2019/20: 13

£70,000-£79,999

- Defined Benefit: 8
- Defined Contribution: –
- No Pension: –
- Total 2020/21: 8
- Total 2019/20: 7

£80,000-£89,999

- Defined Benefit: 5
- Defined Contribution: –
- No Pension: –
- Total 2020/21: 5
- Total 2019/20: 7

£90,000-£99,999

- Defined Benefit: –
- Defined Contribution: –
- No Pension: –
- Total 2020/21: –
- Total 2019/20: –

£100,000-£109,999

- Defined Benefit: 1
- Defined Contribution: –
- No Pension: –
- Total 2020/21: 1
- Total 2019/20: –

Total

- Defined Benefit: 28
- Defined Contribution: 3
- No Pension: –
- Total 2020/21: 31
- Total 2019/20: 27

6. Council members' expenses

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2020/21, due to Covid-19 and the various lockdowns, the total cost of tickets purchased for this purpose was £0 (2019/20: £1,394). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in note 8.

7. Pensions

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

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

West Yorkshire pension fund

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 294,000 members in 451 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2021, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

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

Assumptions

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2021. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Principal financial assumptions

Discount rate

- 31 March 2021: **2.1%**
- 31 March 2020: **2.3%**
- 31 March 2019: 2.4%

CPI inflation

- 31 March 2021: **2.7%**
- 31 March 2020: **2.0%**
- 31 March 2019: 2.2%

Rate of increase to pensions in payment

- 31 March 2021: **2.7%**
- 31 March 2020: **2.0%**
- 31 March 2019: 2.2%

Rate of increase to deferred pensions

- 31 March 2021: **2.7%**
- 31 March 2020: **2.0%**
- 31 March 2019: 2.2%

Rate of general increase in salaries

- 31 March 2021: **3.95%**
- 31 March 2020: **3.25%**
- 31 March 2019: 3.45%

Asset allocation

[In the following list we derail for each item:

- Item: **Value at 31 March 2021 %**; Value at 31 March 2020 %]
- Equities: **78.9%**; 77.5%
- Property: **4.0%**; 4.5%
- Government bonds: **9.0%**; 9.6%
- Corporate bonds: **4.8%**; 5.1%
- Cash: **1.3%**; 1.9%
- Other: **2.0%**; 1.4%
- Total: 100%**; 100%

Reconciliation of Funded Status to Balance Sheet

[All amounts are £millions]

Fair value of assets

- Value as at 31 March 2021: **45.364**
- Value as at 31 March 2020: 36.273
- Value as at 31 March 2019: 41.401

Present value of funded liabilities

- Value as at 31 March 2021: **45.868**
- Value as at 31 March 2020: 40.247
- Value as at 31 March 2019: 43.595

Pension liability recognised on the balance sheet

- Value as at 31 March 2021: **(0.504)**
- Value as at 31 March 2020: (3.974)
- Value as at 31 March 2019: (2.194)

Amounts recognised in income statement

[In the following lists we detail for each item:

- Item: **Period Ending 31 March 2021 £millions; Period Ending 31 March 2020 £millions]**

Operating cost:

- Current service cost: **0.131**; 0.136
- Past service cost: –; 0.021

Financing cost:

- Interest on net defined benefit liability/(asset): **0.084**; 0.081
- Pension expense recognised in other comprehensive income: 0.215; 0.238**

Amounts Recognised in Other Comprehensive Income

[In the following list we detail for each item:

- Item: **Period Ending 31 March 2021 £millions; Period Ending 31 March 2020 £millions]**

- Asset gains/(losses) arising during the period*: **7.309**; 5.117)
- Liability gains/(losses) arising during the period: **(5.916)**; 3.169

Total amount recognised in other comprehensive income: (1.393); (1.948)

Changes to the Present Value of the Defined Benefit Obligation During the Accounting Period

[In the following list we detail for each item:

• Item: **Period Ending 31 March 2021 £millions; Period Ending 31 March 2020 £millions]**

- Opening defined benefit obligation: **40.247**; 43.595
 - Current service cost: **0.131**; 0.136
 - Past service cost: –; 0.021
 - Interest expense on defined benefit obligation: **0.910**; 1.030
 - Contributions by participants: **0.030**; 0.028
 - Actuarial (gains)/losses on liabilities: **5.916**; (3.169)
 - Net benefits paid out: **(1.366)**; (1.394)
- Closing defined benefit obligation: 45.868; 40.247**

Changes to the Fair Value of Assets During the Accounting Period

[In the following list we detail for each item:

• Item: **Period Ending 31 March 2021 £millions; Period Ending 31 March 2020 £millions]**

- Opening fair value of assets: **36.273**; 41.401
 - Interest income on assets: **0.826**; 0.949
 - Remeasurement gains/(losses) on assets: **7.309**; (5.117)
 - Contributions by the employer*: **0.646**; 0.406
 - Contributions by participants: **0.030**; 0.028
 - Net benefits paid out**: **(1.366)**; (1.394)
 - Net increase in assets from disposals/acquisitions: **1.646**; 0.000
- Closing fair value of assets: 45.364; 36.273**

*** For 2020/21 this includes an additional £500,000 lump sum deficit reduction payment into the fund by the employer (2019/20: £300,000).**

**** Consists of net benefits cash flow out of the fund in respect of the employer, including an approximate allowance for the expected cost of death in service lump sums.**

***** A payment of £1,645,943 was received from Staffordshire pension fund in relation to 13 members of staff who transferred to Arts Council England from the regional arts board.**

Actual Return on Assets

[In the following list we detail for each item:

• **Item: Period ending 31 March 2021 £millions; Period ending 31 March 2020 £millions]**

• Interest income of assets: **0.826**; 0.949

• Gain/(loss) on assets: **7.309**; (5.117)

Total amount recognised in other comprehensive income: 8.135; (4.168)

The 2021 valuation results included the transferred liabilities for 49 active members who transferred from the former Arts Boards. At the beginning of the year transfer payments were still outstanding from Surrey (11 members) and Staffordshire (13 members) Pension Funds in relation to their members who had transferred to Arts Council England. In February 2021 a payment of £1,645,943 was received from Staffordshire Pension Fund in relation to the transferred liabilities of their members. Discussions with Surrey Pension Fund are ongoing.

Amounts due to the West Yorkshire Pension Fund at 31 March 2021 were £16,435 (31 March 2020: £nil).

Arts Council Retirement Plan (1994)

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

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2021 was £213.7 million (2020: £176.9 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2019, the actuarial value of the assets using the projected unit method was sufficient to cover 89 per cent of the value accrued to members, a deficit of £21,700,000. On the advice of the actuary, with effect from 1 April 2020, we are paying employer's contributions of 19.9 per cent of pensionable salary for Arts Council England employees and 27.2 per cent of pensionable salary for employees who transferred to Arts Council England from Museums, Libraries and Archives. Arts Council England made a lump sum contribution of £1.8 million to the Plan in February 2021 in lieu of its share of future deficit contributions and as a consequence is no longer required to pay any further contributions towards the deficit.

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

- **Consumer prices inflation rate:** Bank of England RPI curve, less 1.3% pa
- **Long-term rate of pay increases:** In line with CPI inflation
- **Rate of pension increases:** In line with CPI inflation
- **Discount rate (past service):** Bank of England gilt yield curve, plus 1.25% pa
- **Discount rate (future service):** Bank of England gilt yield curve, plus 1.60%

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

Amounts due to the fund at 31 March 2021 were £432,674 (31 March 2020: £409,000).

The People's Pension

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE and new employees who choose

not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation.

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2020/21 were £5,383,191, including a lump sum deficit reduction payment of £1,803,500 (2019/20: £4,401,703 including lump sum payment of £700,000). Employer contributions to The People's Pension were £96,587 (2019/20: £100,033).

8. Net expenditure for the year

Net expenditure of £8,470,061 (2019/20: £547,594) is stated after charging:

[In the following list we detail for each item:

- Item: **Total 2020/21 £000s; Total 2019/20 £000s]**
- Auditors' remuneration: **80; 73**
- Operating leases: **2,119; 2,141**
- Council members' travel, subsistence and hospitality for the 15 serving members during the year: **6; 34**
- Insurance: trustees' and senior officers' indemnity: **7; 6**
- Depreciation: **692; 664**
- Impairment: **10; 1,900**

No fees were paid to our auditors for non-audit services. Audit fees are inclusive of vat.

9. Legacy Bequests

Arts Council England is the beneficiary of several legacies. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. The Compton and Thornton legacies consist of a mixture of stocks/shares and cash: the Compton Poetry Fund consists of £277,000 in shares and £42,000 cash; the Thornton fund consists of £55,000 in shares and £57,000 cash. Both legacies were incorporated into Arts Council England's accounts during 2013/14; the values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2018/19, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this was £108,000 and consisted entirely of cash. No conditions were attached to the donation. During the course of 2020/21 the Arts Council received three additional legacies totalling £64,000.

Opening balance – 1 April 2020

- **Compton Poetry Fund £000s: 319**
- Thornton Fund £000s: 112
- McCann Fund £000s: 108
- Other Legacies £000s: –
- Total £000s: **539**

Income received in-year

- **Compton Poetry Fund £000s: 3**
- Thornton Fund £000s: 3
- McCann Fund £000s: 8
- Other Legacies £000s: 64
- Total £000s: **78**

Gains/(losses) on investments

- **Compton Poetry Fund £000s: 53**
- Thornton Fund £000s: 13
- McCann Fund £000s: –
- Other Legacies £000s: –
- Total £000s: **66**

Expenditure

- **Compton Poetry Fund £000s: –**
- Thornton Fund £000s: –
- McCann Fund £000s: –
- Other Legacies £000s: –
- Total £000s: –

Closing Balance – 31 March 2021

- **Compton Poetry Fund £000s: 375**
- Thornton Fund £000s: **128**
- McCann Fund £000s: **116**
- Other Legacies £000s: **64**
- Total £000s: **683**

10. Heritage Assets and Tangible Fixed Assets

Cost or valuation at 1 April 2020

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 8,738
- Equipment, Fixtures and Fittings £000s: 4,497
- **Total Tangible Assets £000s: 13,235**
- Heritage Assets: Works of Art £000s: 249,943
- **Total Fixed Assets £000s: 263,178**

Additions

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 1,044
- Equipment, Fixtures and Fittings £000s: 89
- **Total Tangible Assets £000s: 1,133**
- Heritage Assets: Works of Art £000s: 347
- **Total Fixed Assets £000s: 1,480**

Revaluations

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: –
- Equipment, Fixtures and Fittings £000s: –
- **Total Tangible Assets £000s: –**
- Heritage Assets: Works of Art £000s: 2,648
- **Total Fixed Assets £000s: 2,648**

Less: disposals

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: –
- Equipment, Fixtures and Fittings £000s: –
- **Total Tangible Assets £000s: –**
- Heritage Assets: Works of Art £000s: –
- **Total Fixed Assets £000s: –**

Cost or valuation at 31 March 2021

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 9,782
- Equipment, Fixtures and Fittings £000s: 4,586
- **Total Tangible Assets £000s: 14,368**
- Heritage Assets: Works of Art £000s: 252,938
- **Total Fixed Assets £000s: 267,306**

Depreciation at 1 April 2020

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 6,526
- Equipment, Fixtures and Fittings £000s: 3,743
- **Total Tangible Assets £000s: 10,269**
- Heritage Assets: Works of Art £000s: –
- **Total Fixed Assets £000s: 10,269**

Less depreciation on disposals

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: –
- Equipment, Fixtures and Fittings £000s: –
- **Total Tangible Assets £000s: –**
- Heritage Assets: Works of Art £000s: –
- **Total Fixed Assets £000s: –**

Impairment

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: –
- Equipment, Fixtures and Fittings £000s: –
- **Total Tangible Assets £000s: –**
- Heritage Assets: Works of Art £000s: 10
- **Total Fixed Assets £000s: 10**

Provided for 2020/21

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 381
- Equipment, Fixtures and Fittings £000s: 311
- **Total Tangible Assets £000s: 692**
- Heritage Assets: Works of Art £000s: –
- **Total Fixed Assets £000s: 692**

Depreciation at 31 March 2021

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 6,907
- Equipment, Fixtures and Fittings £000s: 4,054
- **Total Tangible Assets £000s: 10,961**
- Heritage Assets: Works of Art £000s: 10
- **Total Fixed Assets £000s: 10,971**

Net book value at 31 March 2021

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 2,875
- Equipment, Fixtures and Fittings £000s: 532
- **Total Tangible Assets £000s: 3,407**
- Heritage Assets: Works of Art £000s: 252,928
- **Total Fixed Assets £000s: 256,335**

Net book value at 31 March 2020

- Freehold Land and Buildings £000s: –
- Leasehold Improvements £000s: 2,212
- Equipment, Fixtures and Fittings £000s: 754
- **Total Tangible Assets £000s: 2,966**
- Heritage Assets: Works of Art £000s: 249,943
- **Total Fixed Assets £000s: 252,909**

Works of Art – Arts Council Collection

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

The Works of Art Collection has been built up since 1946 and consists of 8,033 items at 31 March 2021. The purpose of the Collection is to broaden the appreciation and public awareness of modern and contemporary British art and to encourage good

practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre through the Hayward Gallery.

Valuation

The Director of the Arts Council Collection has valued the Collection at £252,927,990 at 31 March 2021 (31 March 2020: £249,943,602). Valuation of the Arts Council Collection is undertaken on a rolling programme using current knowledge of prices, the market and, where necessary, the Director seeks the advice of other experts. The policy is that the top 100 most valuable items are valued on an annual basis as are any items that are out on long-term loan and works required for exhibitions. Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and is provided to the auditors for review.

Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising six individuals who are the Director, Arts Council Collection, Director Visual Arts, Arts

Council England, Director, Hayward Gallery, plus external advisers who are usually an artist, a writer and a curator. The committee is currently chaired by a member of the Arts Council's National Council. The external advisors to the committee are appointed for a fixed two-year tenure. Additionally, a representative from each of the Arts Council Collection's National Partner galleries sits for one year on a rotating basis. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England Capital budget.

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

Preservation

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

Collection management

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

Access

Public access to the works of art is achieved through collaboration and a broad range of programming that includes Arts Council Collection touring exhibitions, the National Partners Programme and an extensive lending programme of artwork that is lent to institutions and galleries, both at home and abroad. It also lends work to public institutions such as universities, libraries, hospitals and schools, alongside Arts Council Collection digital and communications engagement on its website and via social media such as Twitter, Instagram and Facebook.

Partnerships

The National Partners Programme, launched in 2016, is a three-year programme which enables three galleries in England to curate exhibitions drawn directly from the Arts Council Collection. Some of these exhibitions are organised between the partners to encourage collaborative working and sharing of resources. The National Partners Programme is accessed via application and open to all areas with the exception of London. The National Partners Programme is supported by outreach and digital activities with the specific target aims of engaging children and young people, people from Black, Asian and Ethnically Diverse backgrounds, people from lower socio-economic backgrounds and the over-75s. The four regional partners for 2016-19 were Birmingham Museums Trust, The Towner, Eastbourne, Walker Art Gallery Liverpool, and Yorkshire Sculpture Park. The partners for 2019- 22 are Firstsite, Colchester, Newlyn Art Gallery and the Exchange, Penzance and Sunderland Culture.

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections, through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project Transforming Collections: Re-Imaging Art, Nation and Heritage. The Arts Council Collection previously participated in the 'Black Artists and Modernism' research led by artist Sonya Boyce. Of the 11 collections which were included in the research, the Arts Council Collection held the highest representation of works by Black, Asian and Ethnically Diverse artists (252 artworks by 94 artists).

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

[All amounts are £000s]

Cost or valuation at 1 April

- **2020/21: 249,943**
- 2019/20: 241,012
- 2018/19: 169,121
- 2017/18: 163,388
- 2016/17: 156,195

Additions

- **2020/21: 267**
- 2019/20: 238
- 2018/19: 301
- 2017/18: 358
- 2016/17: 628

Donations

- **2020/21: 80**
- 2019/20: 64
- 2018/19: 47
- 2017/18: –
- 2016/17: 127

Revaluations

- **2020/21: 2,648**
- 2019/20: 10,529
- 2018/19: 72,095
- 2017/18: 5,375
- 2016/17: 6,438

Less: impairment

- **2020/21: (10)**
- 2019/20: (1,900)
- 2018/19: (524)
- 2017/18: –
- 2016/17: –

Less: disposal

- **2020/21: –**
- 2019/20: –
- 2018/19: (28)
- 2017/18: –
- 2016/17: –

Cost or valuation at 31 March

- **2020/21: 252,928**
- 2019/20: 249,943
- 2018/19: 241,012
- 2017/18: 169,121
- 2016/17: 163,388

11. Costs Apportioned to Arts Council England Lottery Distribution Accounts

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2021, £1,488,000 was owed by Lottery to Grant-in-Aid (2019/20: £3,042,000)

12. Debtors

[In the following list we detail for each item:

- Item: **31 March 2021 £000s; 31 March 2020 £000s]**
 - Trade debtors: **2,622; 115**
 - DCMS debtors: **283,936; 101,675**
 - Other debtors: **371; 156**
 - Prepayments and accrued income: **1,122; 1,406**
- Total: 288,051; 103,352**

13. Grants Paid in Advance

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. Payments totalling £1,127,748 were made during 2020/21 (2019/20: £5,554,581).

14. Grant Offers – Future Years

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2018/19. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2021 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

[In the following list we detail for each item:

- Item: **31 March 2021 £000s**; 31 March 2020 £000s]

Forward Funding:

- 2020/21: –; 412,127
- 2021/22: **417,182**; 337,420

Total: 417,182; 749,547

15 Creditors: Amounts Falling Due Within One Year

[In the following list we detail for each item:

- Item: **31 March 2021 £000s**; 31 March 2020 £000s

Forward Funding:

- Trade creditors: **3,598**; 2,712
- Other creditors including taxes and social security: **519**; 17
- Accruals: **1,942**; 1,107
- Deferred income: **727**; 805

Total: 6,786; 4,642

16. Provisions for liabilities and charges

At 31 March 2020

- Dilapidations £000s: 965
- Tax £000s: 4
- Employment £000s: 50
- Pension Deficit £000s: 2,069

Total £000s: 3,088

Arising during the year

- Dilapidations £000s: 99
- Tax £000s: 6
- Employment £000s: –
- Pension Deficit £000s: –

Total £000s: 105

Used during the year

- Dilapidations £000s: –
- Tax £000s: (3)
- Employment £000s: (45)
- Pension Deficit £000s: (2,054)

Total £000s: (2,102)

Reversed unused

- Dilapidations £000s: (5)
- Tax £000s: –
- Employment £000s: (5)
- Pension Deficit £000s: (15)

Total £000s: (25)

At 31 March 2021

- Dilapidations £000s: 1,059
- Tax £000s: 7
- Employment £000s: –
- Pension Deficit £000s: –

Total £000s: 1,066

Expected Timing of Cash Flows

Provisions due within one year

- Dilapidations £000s: –
- Tax £000s: 7
- Employment £000s: –
- Pension Deficit £000s: –

Total £000s: 7

Provisions due in more than one year

- Dilapidations £000s: 1,059
- Tax £000s: –
- Employment £000s: –
- Pension Deficit £000s: –

Total £000s: 1,059

Description of Provisions

a) Dilapidations

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

b) Tax

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

c) Employment

Provision for estimated staff redundancy costs.

d) Pension deficit

Provision for ACRP Pension scheme deficit contributions.

17. Reconciliation of movement in funds

[All amounts are £000s]

Endowment funds

- At 31 March 2020: 539
- **Income: 78**
- **Expenditure: –**
- **Gains and Losses: 65**
- **Transfers: –**
- **At 31 March 2021: 682**

Restricted funds

- At 31 March 2020: 651
- **Income: 868,491**
- **Expenditure: (868,414)**
- **Gains and Losses: –**
- **Transfers: –**
- **At 31 March 2021: 728**

Unrestricted income funds

- At 31 March 2020: 11,846
- **Income: 380,824**
- **Expenditure: (389,641)**
- **Gains and Losses: (2,077)**
- **Transfers: (651)**
- **At 31 March 2021: 301**

Capital funds

Designated funds

- At 31 March 2020: 8,178
- **Income: 267**
- **Expenditure: –**
- **Gains and Losses: (11)**
- **Transfers: –**
- **At 31 March 2021: 8,434**

Revaluation reserve

- At 31 March 2020: 236,296
- **Income: –**
- **Expenditure: –**
- **Gains and Losses: 2,643**
- **Transfers: –**
- **At 31 March 2021: 238,939**

Donated asset reserve

- At 31 March 2020: 5,471
- **Income: 80**
- **Expenditure: –**
- **Gains and Losses: 5**
- **Transfers: –**
- **At 31 March 2021: 5,556**

Capital reserve

- At 31 March 2020: 2,967
- **Income: 1,270**
- **Expenditure: (1,480)**
- **Gains and Losses: –**
- **Transfers: 651**
- **At 31 March 2021: 3,408**

Pension reserve

- At 31 March 2020: (3,974)
- **Income: –**
- **Expenditure: –**
- **Gains and Losses: 3,470**
- **Transfers: –**
- **At 31 March 2021: (504)**

Total

- At 31 March 2020: 261,974
- **Income: 1,251,010**
- **Expenditure: (1,259,535)**
- **Gains and Losses: 4,095**
- **Transfers: –**
- **At 31 March 2021: 257,544**

Description of Funds

Endowment funds

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

Restricted funds

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

Unrestricted income funds

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

Capital funds

a) Designated funds

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

b) Revaluation reserve

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

c) Donated asset reserve

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

d) Capital reserve

The capital reserve represents the balance of tangible assets.

e) Pension reserve

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

18. Cash Flow Reconciliation

[In the following list we detail for each item:

- Item: **2020/2021 £000s**; 2019/2020 £000s]

Reconciliation of Net Income to Net Cash Inflow from Operating Activities

- Net income/(expenditure): **(8,471)**; (550)
- Interest receivable: –; (136)
- (Profit)/Loss on disposal of Fixed Assets: –; –
- Dividends received: **(6)**; (13)
- Depreciation and impairment charges: **693**; 664
- Revaluation of (gains)/losses on fixed assets: –; –
- Actuarial (gains)/losses on defined benefit pension schemes: –; –
- (Gains)/losses on investments: **(55)**; 70
- Decrease/(increase) in debtors and prepayments: **(183,146)**; (60,015)
- Decrease/(increase) in grants paid in advance: **4,427**; (4,651)
- Increase/(decrease) in grants outstanding: **363,913**; (16,114)
- (Decrease)/increase in creditors: **2,144**; 609
- (Decrease)/increase in provisions: **(2,023)**; 2,218
- (Decrease)/Increase in defined benefit liability: **(2,078)**; (168)

Net cash provided by/(used in) operating activities:

175,399; (78,086)

19. Reconciliation of Net Cash Flow to Movement in Cash

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**
 - (Decrease)/increase in cash and cash equivalents in the year: **173,847; (78,875)**
 - Cash at 1 April 2019: **14,389; 93,264**
- Cash at 31 March 2021: 188,236; 14,389**

20. Analysis of Net Cash

[All amounts are £000s]

Cash in hand

- 1 April 2020: 14,389
- Cash flow: 173,847
- **31 March 2021: 188,236**

21. Leases

At 31 March 2021 the Arts Council had annual commitments under non-cancellable operating leases as set out below.

[In the following list we detail for each item:

- Item: **31 March 2021 £000s; 31 March 2020 £000s]**

Land and Buildings

Operating Leases Which Expire:

- within one year: **1,774; 1,711**
 - within two and five years inclusive: **2,728; 3,995**
 - over five years: **265; 379**
- Total: 4,767; 6,085**

The Leases Relate Primarily to the Nine Offices that are Occupied by Arts Council England.

22. Southbank Centre Lease

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

23. Royal National Theatre Lease

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

24. Capital Commitments

As at 31 March 2021 the total value of capital commitments was £nil (2019/20: £nil).

25. Losses and Special Payments

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensations payments or ex-gratia payments. No losses were incurred and no special payments were made during 2020/21.

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**
- Total value of losses: –; 2
- Total number of losses: –; 2

26. Financial Instruments

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Digital, Culture, Media and Sport (99.76 per cent) (2019/20: 99.79 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (98.6 per cent) (2019/20: 96.3 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of various legacies: the three main ones are the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £683,000 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

26a. Liquidity Risk

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

In the past 12 months, 0.24 per cent of funding was received from sources other than DCMS. This meant that 99.76 per cent of funding was sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

26b. Interest Rate Risk

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

26c. Foreign Currency Risk

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

26d. Financial Assets by Category

[In the following list we detail for each item:

- Item: **31 March 2021 £000s; 31 March 2020 £000s]**
- DCMS debtor: **283,935; 101,675**
- Trade debtors: **2,622; 115**
- Other debtors: **372; 156**
- Accrued income: **1,122; 1,406**
- Due from Arts Council Lottery accounts: **1,488; 3,042**
- Cash at bank and in hand: **188,236; 14,497**
- Total: 477,775; 120,891**

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

26e. Financial Liabilities by Category

[In the following list we detail for each item:

- Item: **31 March 2021 £000s; 31 March 2020 £000s]**
- Grants outstanding: **470,021; 106,107**
- Trade creditors: **3,598; 2,712**
- Other creditors including taxes and social security: **519; 17**
- Accruals: **1,942; 1,107**
- Deferred income: **727; 805**
- Total: 476,807; 110,748**

Included within the financial liabilities are amounts such as grants outstanding, tax and national insurance, and deferred income. While these liabilities are not contractual, they have been disclosed above in the interests of completeness.

27. Related Parties

27a. Council Members

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed in the following table.

[All amounts are £000s]

Council Member: Sir Nicholas Serota CH

- Grants for the Year Ended 31 March 2021: 371
Balance Unpaid as at 31 March 2021: 146
Organisation: Cornubian Arts and Science Trust (CAST)
Relationship Type: Partner is a Chair of the Trust
- Grants for the Year Ended 31 March 2021: 123
Balance Unpaid as at 31 March 2021: –
Organisation: Intoart
Relationship Type: Tate Exchange organisation
- Grants for the Year Ended 31 March 2021: 250
Balance Unpaid as at 31 March 2021: 250
Organisation: Kneehigh Theatre Trust
Relationship Type: Partner is an Advisory Committee member
- Grants for the Year Ended 31 March 2021: 15
Balance Unpaid as at 31 March 2021: 15
Organisation: Ligeti Quartet
Relationship Type: Niece is a manager
- Grants for the Year Ended 31 March 2021: 118
Balance Unpaid as at 31 March 2021: 8
Organisation: NMC Recordings Ltd.
Relationship Type: Sister is a trustee

Council Member: Andrew Miller MBE

- Grants for the Year Ended 31 March 2021: 15,290
Balance Unpaid as at 31 March 2021: –
Organisation: Royal Shakespeare Company
Relationship Type: Other/Governor
- Grants for the Year Ended 31 March 2021: 185
Balance Unpaid as at 31 March 2021: 46
Organisation: The Space C.I.C.
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 45
Balance Unpaid as at 31 March 2021: 45
Organisation: Arts Council Wales
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 342
Balance Unpaid as at 31 March 2021: 167
Organisation: Corby Cube Theatre Trust
Relationship Type: Executive associate
- Grants for the Year Ended 31 March 2021: 5,900
Balance Unpaid as at 31 March 2021: 4,500
Organisation: Coventry City of Culture Trust
Relationship Type: Advisor/consultant
- Grants for the Year Ended 31 March 2021: 3,410
Balance Unpaid as at 31 March 2021: 1,288
Organisation: Northampton Theatres Trust
Relationship Type: Executive associate
- Grants for the Year Ended 31 March 2021: 412
Balance Unpaid as at 31 March 2021: 52
Organisation: Shape London
Relationship Type: Advisor/consultant
- Grants for the Year Ended 31 March 2021: 102
Balance Unpaid as at 31 March 2021: –
Organisation: Tete a Tete
Relationship Type: Advisor/consultant

- Grants for the Year Ended 31 March 2021: 169
Balance Unpaid as at 31 March 2021: –
Organisation: Unlimited Theatre
Relationship Type: Advisor/consultant

Council Member: Catherine Mallyon

- Grants for the Year Ended 31 March 2021: 15,290
Balance Unpaid as at 31 March 2021: –
Organisation: Royal Shakespeare Company
Relationship Type: Executive Director (remunerated) and Board
- Grants for the Year Ended 31 March 2021: 1,323
Balance Unpaid as at 31 March 2021: 763
Organisation: City of Birmingham Symphony Orchestra
Relationship Type: Partner is a Board Member
- Grants for the Year Ended 31 March 2021: 200
Balance Unpaid as at 31 March 2021: 20
Organisation: Creative Industries Federation
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 185
Balance Unpaid as at 31 March 2021: 68
Organisation: Orchestra of the Swan
Relationship Type: Advisory Council Member
- Grants for the Year Ended 31 March 2021: 3,271
Balance Unpaid as at 31 March 2021: 305
Organisation: Shakespeare Birthplace Trust
Relationship Type: Advisory Council Member
- Grants for the Year Ended 31 March 2021: 198
Balance Unpaid as at 31 March 2021: 198
Organisation: Watermill Theatre
Relationship Type: Board Member (not remunerated)

Council Member: Ciara Eastell

- Grants for the Year Ended 31 March 2021: 175
Balance Unpaid as at 31 March 2021: –
Organisation: Libraries Unlimited South West
Relationship Type: Trustee and CEO (remunerated)
- Grants for the Year Ended 31 March 2021: 24
Balance Unpaid as at 31 March 2021: 24
Organisation: Double Elephant CIC
Relationship Type: Partner is a director

Council Member: David Joseph

- Grants for the Year Ended 31 March 2021: 29
Balance Unpaid as at 31 March 2021: –
Organisation: Julie's Bicycle
Relationship Type: Director/Trustee

Council Member: Elisabeth Murdoch

- Grants for the Year Ended 31 March 2021: 163
Balance Unpaid as at 31 March 2021: 163
Organisation: Arnolfini Gallery
Relationship Type: Freelands Foundation, of whom Elisabeth is founder and Chair, funded this Organisation
- Grants for the Year Ended 31 March 2021: 45
Balance Unpaid as at 31 March 2021: 45
Organisation: Arts Council of Wales
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 3,221
Balance Unpaid as at 31 March 2021: –
Organisation: Baltic Flour Mills Visual Arts Trust
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,172
Balance Unpaid as at 31 March 2021: 130
Organisation: Camden Arts Centre
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: 309
Balance Unpaid as at 31 March 2021: 62
Organisation: Create London
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,571
Balance Unpaid as at 31 March 2021: 743
Organisation: Firstsite Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,265
Balance Unpaid as at 31 March 2021: 213
Organisation: Ikon Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 233
Balance Unpaid as at 31 March 2021: –
Organisation: Institute of International Visual Arts
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 613
Balance Unpaid as at 31 March 2021: –
Organisation: John Hansard Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 296
Balance Unpaid as at 31 March 2021: –
Organisation: Kettle's Yard
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 11
Balance Unpaid as at 31 March 2021: –
Organisation: Manchester Metropolitan University
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 765
Balance Unpaid as at 31 March 2021: 150
Organisation: MK Gallery
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: 1,045
Balance Unpaid as at 31 March 2021: 54
Organisation: Modern Art Oxford
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,352
Balance Unpaid as at 31 March 2021: 160
Organisation: Foundation Nottingham Contemporary
Relationship Type: Freelands Organisation
- Grants for the Year Ended 31 March 2021: 1,266
Balance Unpaid as at 31 March 2021: 501
Organisation: Somerset House Trust
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,407
Balance Unpaid as at 31 March 2021: 232
Organisation: South London Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 250
Balance Unpaid as at 31 March 2021: 85
Organisation: Spike Island Art Space Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 868
Balance Unpaid as at 31 March 2021: –
Organisation: The Artangel Trust
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 756
Balance Unpaid as at 31 March 2021: 371
Organisation: The Whitworth, University of Manchester
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 918
Balance Unpaid as at 31 March 2021: 425
Organisation: Towner Art Gallery
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: 786
Balance Unpaid as at 31 March 2021: 10
Organisation: Turner Contemporary
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 2,141
Balance Unpaid as at 31 March 2021: 402
Organisation: Yorkshire Sculpture Park
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 517
Balance Unpaid as at 31 March 2021: –
Organisation: a-n The Artists Information Company
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 97
Balance Unpaid as at 31 March 2021: 1
Organisation: Open School East
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 432
Balance Unpaid as at 31 March 2021: 11
Organisation: Site Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 220
Balance Unpaid as at 31 March 2021: 88
Organisation: The Hepworth Wakefield Trust
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 869
Balance Unpaid as at 31 March 2021: –
Organisation: New Art Exchange Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 174
Balance Unpaid as at 31 March 2021: –
Organisation: Yorkshire Sculpture Park
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: 923
Balance Unpaid as at 31 March 2021: –
Organisation: The Hepworth Wakefield Trust
Relationship Type: Freelands Foundation Organisation

Council Member: Helen Birchenough

- Grants for the Year Ended 31 March 2021: 1,964
Balance Unpaid as at 31 March 2021: 260
Organisation: Wiltshire Creative
Relationship Type: Board Member

Council Member: Kate Willard

- Grants for the Year Ended 31 March 2021: 850
Balance Unpaid as at 31 March 2021: –
Organisation: Equity Charitable Trust
Relationship Type: Member
- Grants for the Year Ended 31 March 2021: 20
Balance Unpaid as at 31 March 2021: 10
Organisation: South East Local Enterprise Partnership
Relationship Type: Chair of Opportunity South Essex

Council Member: Michael Eakin

- Grants for the Year Ended 31 March 2021: 3,817
Balance Unpaid as at 31 March 2021: 875
Organisation: Royal Liverpool Philharmonic
Relationship Type: Director – remunerated

Council Member: Paul Roberts

- Grants for the Year Ended 31 March 2021: 116
Balance Unpaid as at 31 March 2021: 18
Organisation: A New Direction London Limited
Relationship Type: Advisor/Consultant – Not remunerated
- Grants for the Year Ended 31 March 2021: 1,352
Balance Unpaid as at 31 March 2021: 160
Organisation: Nottingham Contemporary
Relationship Type: Board Member – Not remunerated

Council Member: Professor Roni Brown

- Grants for the Year Ended 31 March 2021: 786
Balance Unpaid as at 31 March 2021: 10
Organisation: Turner Contemporary
Relationship Type: Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
- Grants for the Year Ended 31 March 2021: 112
Balance Unpaid as at 31 March 2021: –
Organisation: Artswork
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 645
Balance Unpaid as at 31 March 2021: 24
Organisation: Creative Foundation
Relationship Type: Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
- Grants for the Year Ended 31 March 2021: 302
Balance Unpaid as at 31 March 2021: 118
Organisation: Farnham Maltings Association
Relationship Type: Partner is a director
- Grants for the Year Ended 31 March 2021: 249
Balance Unpaid as at 31 March 2021: 50
Organisation: University of the Arts London
Relationship Type: Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)

Council Member: Ruth Mackenzie CBE

- Grants for the Year Ended 31 March 2021: 343
Balance Unpaid as at 31 March 2021: 48
Organisation: Improbable
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 3,125
Balance Unpaid as at 31 March 2021: 1,909
Organisation: Serpentine Galleries
Relationship Type: Board Member

Council Member: Sukhy Johal MBE

- Grants for the Year Ended 31 March 2021: 271
Balance Unpaid as at 31 March 2021: 228
Organisation: The University of Lincoln
Relationship Type: Employee
- Grants for the Year Ended 31 March 2021: 869
Balance Unpaid as at 31 March 2021: –
Organisation: New Art Exchange Ltd.
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 199
Balance Unpaid as at 31 March 2021: 45
Organisation: Threshold Studios
Relationship Type: Partner is a Project Director

Council Member: Tessa Ross CBE

- Grants for the Year Ended 31 March 2021: 200
Balance Unpaid as at 31 March 2021: 20
Organisation: Creative Industries Federation
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 1,380
Balance Unpaid as at 31 March 2021: 630
Organisation: Donmar Warehouse Projects Ltd
Relationship Type: Trustee

Council Member: Sir Nicholas Serota CH

- Grants for the Year Ended 31 March 2021: 529
Balance Unpaid as at 31 March 2021: 107
Organisation: Britten Sinfonia
Relationship Type: Sister is a trustee
- Grants for the Year Ended 31 March 2021: 40
Balance Unpaid as at 31 March 2021: –
Organisation: NMC Recordings Ltd.
Relationship Type: Sister is a donor

Council Member: Andrew Miller MBE

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 102
Organisation: TheSpace C.I.C.
Relationship Type: Board Member

Council Member: Catherine Mallyon

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 198
Organisation: City of Birmingham Symphony Orchestra
Relationship Type: Partner is a Board Member
- Grants for the Year Ended 31 March 2021: 15,274
Balance Unpaid as at 31 March 2021: 150
Organisation: Royal Shakespeare Company
Relationship Type: Executive Director and Board Member
- Grants for the Year Ended 31 March 2021: 267
Balance Unpaid as at 31 March 2021: –
Organisation: Shakespeare Birthplace Trust
Relationship Type: Advisory Council Member

Council Member: Elisabeth Murdoch

- Grants for the Year Ended 31 March 2021: 920
Balance Unpaid as at 31 March 2021: –
Organisation: Camden Arts Centre
Relationship Type: Freelands Foundation, of whom Elisabeth is founder and Chair, funded this organisation
- Grants for the Year Ended 31 March 2021: 815
Balance Unpaid as at 31 March 2021: 2
Organisation: Firstsite Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 602
Balance Unpaid as at 31 March 2021: 150
Organisation: John Hansard Gallery
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: 291
Balance Unpaid as at 31 March 2021: 4
Organisation: Kettle's Yard
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 393
Balance Unpaid as at 31 March 2021: 1
Organisation: MK Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,066
Balance Unpaid as at 31 March 2021: 30
Organisation: Nottingham Contemporary
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 90
Balance Unpaid as at 31 March 2021: –
Organisation: Open School East
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 314
Balance Unpaid as at 31 March 2021: –
Organisation: Site Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 811
Balance Unpaid as at 31 March 2021: –
Organisation: South London Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 50
Balance Unpaid as at 31 March 2021: 25
Organisation: Spike Island Artspace Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 1,313
Balance Unpaid as at 31 March 2021: 174
Organisation: Yorkshire Sculpture Park
Relationship Type: Freelands Foundation Organisation

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

Council Member: Helen Birchenough

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 5
Organisation: Salisbury Arts Theatre Ltd
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: 1,278
Balance Unpaid as at 31 March 2021: –
Organisation: Wiltshire Creative
Relationship Type: Board Member

Council Member: Michael Eakin

- Grants for the Year Ended 31 March 2021: 2,382
Balance Unpaid as at 31 March 2021: 15
Organisation: Royal Liverpool Philharmonic
Relationship Type: Employed as a Director

Council Member: Roni Brown

- Grants for the Year Ended 31 March 2021: 1,794
Balance Unpaid as at 31 March 2021: –
Organisation: Contemporary Dance Trust
Relationship Type: The Place is an NPO and there is a proposal for partnership between UAL and The Place
- Grants for the Year Ended 31 March 2021: 400
Balance Unpaid as at 31 March 2021: –
Organisation: Creative Foundation
Relationship Type: Creative Foundation and UCA have a financial agreement for services
- Grants for the Year Ended 31 March 2021: 37
Balance Unpaid as at 31 March 2021: 4
Organisation: Farnham Maltings Association
Relationship Type: Partner is Chief Executive

- Grants for the Year Ended 31 March 2021: 228
Balance Unpaid as at 31 March 2021: –
Organisation: Institute of International Visual Arts
Relationship Type: Arts Council funded organisation that is hosted at University of the Arts London
- Grants for the Year Ended 31 March 2021: 71
Balance Unpaid as at 31 March 2021: 35
Organisation: University of the Arts London – Afterall
Relationship Type: UAL research centre, funded by ACE

Council Member: Ruth Mackenzie CBE

- Grants for the Year Ended 31 March 2021: 1,194
Balance Unpaid as at 31 March 2021: –
Organisation: Serpentine Galleries
Relationship Type: Board Member

Council Member: Sukhy Johal MBE

- Grants for the Year Ended 31 March 2021: 247
Balance Unpaid as at 31 March 2021: –
Organisation: Lincoln Arts Trust Limited
Relationship Type: Lincoln One Venues (Youth Music funds and receives element of NPO funds via drill hall)
- Grants for the Year Ended 31 March 2021: 80
Balance Unpaid as at 31 March 2021: –
Organisation: Threshold Studios
Relationship Type: Partner is an employee and Project Director

Tessa Ross CBE

- Grants for the Year Ended 31 March 2021: 505
Balance Unpaid as at 31 March 2021: –
Organisation: Donmar Warehouse Projects Ltd
Relationship Type: Trustee

Paul Roberts OBE

- Grants for the Year Ended 31 March 2021: 1,066
Balance Unpaid as at 31 March 2021: 30
Organisation: Nottingham Contemporary
Relationship Type: Board Member

27b. Directors and Senior Managers

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

[All amounts are £000s]

Director or Senior Manager: Darren Henley

- Grants for the Year Ended 31 March 2021: 200
Balance Unpaid as at 31 March 2021: 20
Organisation: Creative Industries Federation
Relationship Type: Vice-chair and member of Advisory Group
- Grants for the Year Ended 31 March 2021: 15
Balance unpaid AS AT 31 March 2021: 15
Organisation: Cultural Institute, University of Leeds
Relationship Type: Unpaid member of Advisory Group

Director or Senior Manager: Elisabeth Bushell

- Grants for the Year Ended 31 March 2021: 2,207
Balance Unpaid as at 31 March 2021: 1,374
Organisation: Bletchley Park Trust
Relationship Type: Board Member

Director or Senior Manager: Peter Knott

- Grants for the Year Ended 31 March 2021: 764
Balance Unpaid as at 31 March 2021: 3
Organisation: One Dance UK
Relationship Type: Partner is paid Chair of Young People panel
- Grants for the Year Ended 31 March 2021: 3,270
Balance Unpaid as at 31 March 2021: 466
Organisation: Leicester Theatre Trust
Relationship Type: Partner is Head of Learning

Director or Senior Manager: Phillip Gibby

- Grants for the Year Ended 31 March 2021: 25
Balance Unpaid as at 31 March 2021: 25
Organisation: RISE Youth Dance
Relationship Type: Partner is advisor/consultant
- Grants for the Year Ended 31 March 2021: 159
Balance Unpaid as at 31 March 2021: 5
Organisation: Theatre Bristol Ltd
Relationship Type: Partner is employee
- Grants for the Year Ended 31 March 2021: 128
Balance Unpaid as at 31 March 2021: 52
Organisation: Trigger
Relationship Type: Partner is advisor/consultant
- Grants for the Year Ended 31 March 2021: 6
Balance Unpaid as at 31 March 2021: –
Organisation: University of Bath
Relationship Type: Member of Court

Director or Senior Manager: Simon Mellor

- Grants for the Year Ended 31 March 2021: 21,038
Balance Unpaid as at 31 March 2021: 21,008
Organisation: Manchester City Council
Relationship Type: Part-time Project Director of the Factory

- Grants for the Year Ended 31 March 2021: 53
Balance Unpaid as at 31 March 2021: –
Organisation: International Federation of the Arts
Relationship Type: Board Member and Treasurer of the IFACCA

Director or Senior Manager: Mags Patten

- Grants for the Year Ended 31 March 2021: 28
Balance Unpaid as at 31 March 2021: –
Organisation: The Stage Media Company Ltd
Relationship type: Part of the steering group
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 2
Organisation: The Clore Leadership Programme
Relationship Type: Part of the steering group

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

Director or Senior Manager: Peter Knott

- Grants for the Year Ended 31 March 2021: 750
Balance Unpaid as at 31 March 2021: 3
Organisation: One Dance UK
Relationship Type: Partner is an employee
- Grants for the Year Ended 31 March 2021: 1,914
Balance Unpaid as at 31 March 2021: –
Organisation: Leicester Theatre Trust
Relationship Type: Partner is an employee

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

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

27c. Other Government Bodies

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

[All amounts are £000s]

Balances with other DCMS Government bodies

- **Creditor 31 March 2021: 3,580**
- **Debtor 31 March 2021: 284,089**
- Creditor 31 March 2020: 5,325
- Debtor 31 March 2020: 101,675

Balances with other central Government bodies

- **Creditor 31 March 2021: 701**
- **Debtor 31 March 2021: –**
- Creditor 31 March 2020: 522
- Debtor 31 March 2020: –

Balances with academies

- **Creditor 31 March 2021: 807**
- **Debtor 31 March 2021: 47**
- Creditor 31 March 2020: 477
- Debtor 31 March 2020: 40

Balances with local authorities

- **Creditor 31 March 2021: 99,638**
- **Debtor 31 March 2021: 7**
- Creditor 31 March 2020: 119,189
- Debtor 31 March 2020: 18

Balances with NHS Trusts

- **Creditor 31 March 2021: 3**
- **Debtor 31 March 2021: –**
- Creditor 31 March 2020: –
- Debtor 31 March 2020: –

Balances with public corporations and trading funds

- **Creditor 31 March 2021: 135**
- **Debtor 31 March 2021: –**
- Creditor 31 March 2020: 151
- Debtor 31 March 2020: –

During 2020/21, Arts Council England had the following transactions with other Government Bodies:

[All amounts are £000s]

Transactions with other DCMS Government bodies

- **Expenditure Y/E 31 March 2021: 4,932**
- **Income Y/E 31 March 2021: 1,051,375**
- Expenditure Y/E 31 March 2020: 1,724
- Income Y/E 31 March 2020: 492,156

Transactions with other central Government bodies

- **Expenditure Y/E 31 March 2021: 8,136**
- **Income Y/E 31 March 2021: 305**
- Expenditure Y/E 31 March 2020: 5,952
- Income Y/E 31 March 2020: 207

Transactions with academies

- **Expenditure Y/E 31 March 2021: 1,761**
- **Income Y/E 31 March 2021: 117**
- Expenditure Y/E 31 March 2020: 390
- Income Y/E 31 March 2020: 196

Transactions with local authorities

- **Expenditure Y/E 31 March 2021: 130,299**
- **Income Y/E 31 March 2021: 31**
- Expenditure Y/E 31 March 2020: 77,881
- Income Y/E 31 March 2020: 274

Transactions with NHS Trusts

- **Expenditure Y/E 31 March 2021: –**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: –
- Income Y/E 31 March 2020: –

Transactions with public corporations and trading funds

- **Expenditure Y/E 31 March 2021: 52**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: 90
- Income Y/E 31 March 2020: –

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

28. Reconciliation of Operating Surplus to Departmental Expenditure Limit

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting treatments there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported deficit of £4,430,000 but our overall DEL underspend for the year was £333,000 and the table below shows a reconciliation of the two amounts.

[In the following list we detail for each item:

- Item: £000s at 31 March 2021]
- Overspend/(Underspend as per SOFA): 4,430

Exclude Non-Del Transactions

- Revaluation on Heritage Assets: 2,648
- FRS17 (Deficit)/Surplus: 3,470
- Gain on investments: 55
- Depreciation: (692)
- Capital expenditure: 1,400
- Provisions adjustments: 1,000
- Legacy income: 6
- Donations: 150
- Legacy expenditure: –
- Use of reserves: (12,800)

DEL Underspend (excluding Depreciation): (333)

Represented By:

- RDEL underspend: (281)
- CDEL underspend: (52)

Total: (333)

29. Contingent Liabilities

As at 31 March 2021, Arts Council England had no contingent liabilities.

30. Post Balance Sheet Events

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

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

31 Statement of Financial Activities – Prior Year Comparators

[All amounts are £000s]

Income and Endowments from:

Donations and legacies

- **Unrestricted Funds: 364,422**
- **Restricted Funds: 866,131**
- **Endowment Funds: 72**
- **Total 2020/21: 1,230,625**
- Unrestricted Funds: 363,538
- Restricted Funds: 128,595
- Endowment Funds: –
- Total 2019/20: 492,133

Investments

- **Unrestricted Funds: –**
- **Restricted Funds: –**
- **Endowment Funds: 6**
- **Total 2020/21: 6**
- Unrestricted Funds: 136
- Restricted Funds: –
- Endowment Funds: 13
- Total 2019/20: 149

Charitable activities

- **Unrestricted Funds: 513**
- **Restricted Funds: 2,440**
- **Endowment Funds: –**
- **Total 2020/21: 2,953**
- Unrestricted Funds: 308
- Restricted Funds: 428
- Endowment Funds: –
- Total 2019/20: 736

Other: Lottery distribution accounts

- **Unrestricted Funds: 17,425**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 2020/21: 17,425**
- Unrestricted Funds: 18,821
- Restricted Funds: –
- Endowment Funds: –
- Total 2019/20: 18,821

Total income and endowments

- **Unrestricted Funds: 382,360**
- **Restricted Funds: 868,571**
- **Endowment Funds: 78**
- **Total 2020/21: 1,251,009**
- Unrestricted Funds: 382,803
- Restricted Funds: 129,023
- Endowment Funds: 13
- Total 2019/20: 511,839

Expenditure on:

Charitable activities (including Governance costs)

- **Unrestricted Funds: 373,696**
- **Restricted Funds: 868,414**
- **Endowment Funds: –**
- **Total 2020/21: 1,242,110**
- Unrestricted Funds: 364,557
- Restricted Funds: 128,940
- Endowment Funds: –
- Total 2019/20: 493,497

Other: Support costs attributable to Lottery distributions accounts

- **Unrestricted Funds: 17,425**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 2020/21: 17,425**
- Unrestricted Funds: 18,821
- Restricted Funds: –
- Endowment Funds: –
- Total 2019/20: 18,821

Total expenditure

- **Unrestricted Funds: 391,121**
- **Restricted Funds: 868,414**
- **Endowment Funds: –**
- **Total 2020/21: 1,259,535**
- Unrestricted Funds: 383,378
- Restricted Funds: 128,940
- Endowment Funds: –
- Total 2019/20: 512,318

Net gains/(losses) on investments

- **Unrestricted Funds: (10)**
- **Restricted Funds: –**
- **Endowment Funds: 65**
- **Total 2020/21: 55**
- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: (70)
- Total 2019/20: (70)

Total income/(expenditure) before exceptional items

- **Unrestricted Funds: (8,771)**
- **Restricted Funds: 157**
- **Endowment Funds: 143**
- **Total 2020/21: (8,471)**
- Unrestricted Funds: (575)
- Restricted Funds: 83
- Endowment Funds: (57)
- Total 2019/20: (549)

Other Recognised Gains/Losses

Gain on revaluation of heritage assets

- **Unrestricted Funds: 2,643**
- **Restricted Funds: 5**
- **Endowment Funds: –**
- **Total 2020/21: 2,648**
- Unrestricted Funds: 8,608
- Restricted Funds: 21
- Endowment Funds: –
- Total 2019/20: 8,629

Actuarial gains/(losses) on defined benefit pension schemes

- **Unrestricted Funds: 1,393**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 2020/21: 1,393**
- Unrestricted Funds: (1,948)
- Restricted Funds: –
- Endowment Funds: –
- Total 2019/20: (1,948)

Net movement in funds

- **Unrestricted Funds: (4,735)**
- **Restricted Funds: 162**
- **Endowment Funds: 143**
- **Total 2020/21: (4,430)**
- Unrestricted Funds: 6,085
- Restricted Funds: 104
- Endowment Funds: (57)
- Total 2019/20: 6,131

Reconciliation of Funds:

Balance brought forward at 1 April

- **Unrestricted Funds: 255,312**
- **Restricted Funds: 6,123**
- **Endowment Funds: 539**
- **Total 2020/21: 261,974**
- Unrestricted Funds: 249,227
- Restricted Funds: 6,019
- Endowment Funds: 597
- Total 2019/20: 255,843

Total funds carried forward at 31 March

- **Unrestricted Funds: 250,577**
- **Restricted Funds: 6,285**
- **Endowment Funds: 682**
- **Total 2020/21: 257,544**
- Unrestricted Funds: 255,313
- Restricted Funds: 6,123
- Endowment Funds: 539
- Total 2019/20: 261,974

32. Balance sheet – prior year comparators

[All amounts are £000s]

Fixed Assets:

Tangible assets

- **Unrestricted Funds: 3,407**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 3,407**
- Unrestricted Funds: 2,967
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 2,967

Heritage assets – Works of art

- **Unrestricted Funds: 247,372**
- **Restricted Funds: 5,556**
- **Endowment Funds: –**
- **Total 31 March 2021: 252,928**
- Unrestricted Funds: 244,473
- Restricted Funds: 5,471
- Endowment Funds: –
- Total 31 March 2020: 249,944

Investments

- **Endowment Funds: 683**
- **Total 31 March 2021: 683**
- Endowment Funds: 539
- Total 31 March 2020: 539

Total fixed assets

- **Unrestricted Funds: 250,779**
- **Restricted Funds: 5,556**
- **Endowment Funds: 683**
- **Total 31 March 2021: 257,018**
- Unrestricted Funds: 247,440
- Restricted Funds: 5,471
- Endowment Funds: 539
- Total 31 March 2020: 253,450

Current Assets

Debtors

- **Unrestricted Funds: –**
- **Restricted Funds: 288,051**
- **Endowment Funds: –**
- **Total 31 March 2021: 288,051**
- Unrestricted Funds: 14,020
- Restricted Funds: 89,331
- Endowment Funds: –
- Total 31 March 2020: 103,351

Due from Arts Council Lottery accounts

- **Unrestricted Funds: –**
- **Restricted Funds: 1,488**
- **Endowment Funds: –**
- **Total 31 March 2021: 1,488**
- Unrestricted Funds: –
- Restricted Funds: 3,042
- Endowment Funds: –
- Total 31 March 2020: 3,042

Grants paid in advance

- **Unrestricted Funds: 1,128**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 1,128**
- Unrestricted Funds: 5,555
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 5,555

Cash and cash equivalents

- **Unrestricted Funds: 18,131**
- **Restricted Funds: 170,105**
- **Endowment Funds: –**
- **Total 31 March 2021: 188,236**
- Unrestricted Funds: 10,948
- Restricted Funds: 3,441
- Endowment Funds: –
- Total 31 March 2020: 14,389

Total current assets

- **Unrestricted Funds: 19,259**
- **Restricted Funds: 459,644**
- **Endowment Funds: –**
- **Total 31 March 2021: 478,903**
- Unrestricted Funds: 30,523
- Restricted Funds: 95,814
- Endowment Funds: –
- Total 31 March 2020: 126,337

Liabilities

Creditors: Amounts Falling Due Within One Year

Grants outstanding

- **Unrestricted Funds: 13,466**
- **Restricted Funds: 456,555**
- **Endowment Funds: –**
- **Total 31 March 2021: 470,021**
- Unrestricted Funds: 11,836
- Restricted Funds: 94,271
- Endowment Funds: –
- Total 31 March 2020: 106,107

Due to Arts Council Lottery accounts

- **Unrestricted Funds: –**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: –**
- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: –

Creditors

- **Unrestricted Funds: 4,425**
- **Restricted Funds: 2,361**
- **Endowment Funds: –**
- **Total 31 March 2021: 6,786**
- Unrestricted Funds: 3,751
- Restricted Funds: 891
- Endowment Funds: –
- Total 31 March 2020: 4,642

Total creditors: amounts falling due within one year

- **Unrestricted Funds: 17,891**
- **Restricted Funds: 458,916**
- **Endowment Funds: –**
- **Total 31 March 2021: 476,807**
- Unrestricted Funds: 15,587
- Restricted Funds: 95,162
- Endowment Funds: –
- Total 31 March 2020: 110,749

Net current assets

- **Unrestricted Funds: 1,368**
- **Restricted Funds: 728**
- **Endowment Funds: –**
- **Total 31 March 2021: 2,096**
- Unrestricted Funds: 14,936
- Restricted Funds: 652
- Endowment Funds: –
- Total 31 March 2020: 15,588

Total assets less current liabilities

- **Unrestricted Funds: 252,147**
- **Restricted Funds: 6,284**
- **Endowment Funds: 683**
- **Total 31 March 2021: 259,114**
- Unrestricted Funds: 262,376
- Restricted Funds: 6,123
- Endowment Funds: 539
- Total 31 March 2020: 269,038

Creditors: Amounts Falling Due After More Than One Year

Provisions for liabilities and charges

- **Unrestricted Funds: 1,066**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 1,066**
- Unrestricted Funds: 3,089
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 3,089

Net assets excluding pension liability

- **Unrestricted Funds: 251,081**
- **Restricted Funds: 6,284**
- **Endowment Funds: 683**
- **Total 31 March 2021: 258,048**
- Unrestricted Funds: 259,287
- Restricted Funds: 6,123
- Endowment Funds: 539
- Total 31 March 2020: 265,949

Defined benefit pension scheme liability

- **Unrestricted Funds: 504**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 504**
- Unrestricted Funds: 3,975
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 3,975

Net assets including pension liability

- **Unrestricted Funds: 250,577**
- **Restricted Funds: 6,284**
- **Endowment Funds: 683**
- **Total 31 March 2021: 257,544**
- Unrestricted Funds: 255,312
- Restricted Funds: 6,123
- Endowment Funds: 539
- Total 31 March 2020: 261,974

The funds of the charity:

Represented by income funds

Unrestricted fund

- **Unrestricted Funds: 301**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 301**
- Unrestricted Funds: 11,846
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 11,846

Restricted fund

- **Unrestricted Funds: –**
- **Restricted Funds: 728**
- **Endowment Funds: –**
- **Total 31 March 2021: 728**
- Unrestricted Funds: –
- Restricted Funds: 652
- Endowment Funds: –
- Total 31 March 2020: 652

Represented By Capital Funds

Endowment funds

- **Unrestricted Funds: –**
- **Restricted Funds: –**
- **Endowment Funds: 683**
- **Total 31 March 2021: 683**
- Unrestricted Funds: –
- Restricted Funds: –
- Endowment Funds: 539
- Total 31 March 2020: 539

Designated fund

- **Unrestricted Funds: 247,373**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 247,373**
- Unrestricted Funds: 244,473
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 244,473

Donated asset reserve

- **Unrestricted Funds: –**
- **Restricted Funds: 5,556**
- **Endowment Funds: –**
- **Total 31 March 2021: 5,556**
- Unrestricted Funds: –
- Restricted Funds: 5,471
- Endowment Funds: –
- Total 31 March 2020: 5,471

Capital reserve

- **Unrestricted Funds: 3,407**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: 3,407**
- Unrestricted Funds: 2,967
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: 2,967

Pension reserve

- **Unrestricted Funds: (504)**
- **Restricted Funds: –**
- **Endowment Funds: –**
- **Total 31 March 2021: (504)**
- Unrestricted Funds: (3,974)
- Restricted Funds: –
- Endowment Funds: –
- Total 31 March 2020: (3,974)

Total charity funds

- **Unrestricted Funds: 250,577**
- **Restricted Funds: 6,284**
- **Endowment Funds: 683**
- **Total 31 March 2021: 257,544**
- Unrestricted Funds: 255,312
- Restricted Funds: 6,123
- Endowment Funds: 539
- Total 31 March 2020: 261,974

Charities SORP (FRS102) requires prior comparative figures to be shown for each type of fund for the balance sheet as well as the statement of financial activities. This note discloses the prior year comparative figures for all three types of funds.

33. Culture Recovery Fund – Repayable Finance

The Culture Recovery Fund (Repayable Finance) programme is part of the Government's £1.57 billion package to protect the UK's culture and heritage sectors from the economic impacts of Covid-19. It was intended to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but were subsequently at risk of no longer trading

viably by 31 March 2021. The programme consists of DCMS loans totalling £250m to 36 organisations, which are repayable over a period of up to 20 years.

As the loans were made on behalf of DCMS they are not included in the accounts for Arts Council England. However the £2.3m income received by Arts Council England for administering the loans is included within Note 3.

09. Lottery distribution accounts

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on Financial Statements

I certify that I have audited the financial statements of Arts Council England's Lottery Distribution Accounts for the year ended 31 March 2021 under the National Lottery etc Act 1993. The financial statements comprise: Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as interpreted by HM Treasury's Government Reporting Manual.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's Lottery Distribution Accounts affairs as at 31 March 2021 and of the total comprehensive income for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

Opinion on Regularity

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

Basis for Opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions Relating to Going Concern

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

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

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

Other Information

The other information comprises information included in the Annual Report but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am

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

I have nothing to report in this regard.

Opinion on Other Matters

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

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- the information given in the Chair's report; the Chief Executive's report; Achieving great art and culture; the parts of the Remuneration report that are not audited; the Sustainability report; the Trustees' report and management commentary; the Strategic report; and the National Lottery report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I Report by Exception

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Chair's report; the Chief Executive's report; Achieving great art and culture; the parts of the Remuneration report that are not audited; the Sustainability report; the Trustees' report and management commentary; the Strategic report; and the National Lottery report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Accounting Officer for the Financial Statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Arts Council England’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Arts Council England will not continue to be provided in the future.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of noncompliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations including the Arts Council England's controls relating to the National Lottery etc Act 1993 and Secretary of State directions issued thereunder, and Managing Public Money;
- assessing the incentives for management to manipulate reported income and expenditure to remain within voted Parliamentary control totals;
- reviewing the Arts Council England's accounting policies;
- using analytical procedures to identify any unusual or unexpected relationships and transactions;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of Arts Council England's framework of authority as well as other legal and regulatory frameworks that the Arts Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included the National Lottery etc Act 1993 and Secretary of State directions issued thereunder, tax law, employment law and Managing Public Money;

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

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

2 December 2021

Statement of Comprehensive Net Income for the Year Ended 31 March 2021

[In the following lists we detail for each item:

- Item: **31 March 2021 £000; 31 March 2020 £000]**

Income

- Share of proceeds from the National Lottery Distribution Fund (note 2): **253,130; 247,871**
- Investment returns on the Distribution Fund (note 2): **148; 1,199**

Total: 253,278; 249,070

- Other income (note 3): **1,643; 52**

Total income: 254,921; 249,122

Expenditure

Grant expenditure:

- Grant commitments made in the year: **168,296; 187,478**
- Less: lapsed and revoked commitments: **(9,408); (10,162)**
- Net grant commitments (note 10): **158,888; 177,316**

Other expenditure:

- Other operating costs: –; 184
- Invoiced Arts expenditure: **1,192**; 586
- Costs apportioned from Grant-in-Aid accounts (note 6):
17,425; 18,821

Total expenditure: 177,505; 196,907

Net income: 77,416; 52,215

- Interest receivable: –; 18

Net income after interest: 77,416; 52,233

**Total comprehensive income for the year ended 31 March:
77,416**; 52,233

All income and expenditure disclosed above relates to continuing activities. The notes on pages 259 to 295 form part of these accounts.

Statement of Financial Position as at 31 March 2021

In the following lists we detail for each item:

- Item: **31 March 2021 £000s**; 31 March 2020 £000s]

Current Assets

- Trade and other receivables (note 9): **40**; 18
- Investments: balance in the National Lottery Distribution Fund (note 2): **210,563**; 256,637
- Cash and cash equivalents (note 14): **870**; 6,677

Total current assets: 211,473; 263,332

Current Liabilities

- Grant liabilities due within one year (note 10): **190,183**;
207,335
- Trade and other payables: **11 672**; 122
- Due to Grant-in-Aid accounts (note 19e): **1,488**; 3,042

Total current liabilities: 192,343; 210,499

Net current assets: 19,130; 52,833

Non-Current Liabilities

- Grant liabilities due in more than one year (note 10): **26,302;**
137,421

Net Liabilities: (7,172); (84,588)

Equity

- General reserve: **(9,289); (86,705)**
- Fair value reserve: **2,117; 2,117**

Total: (7,172); (84,588)

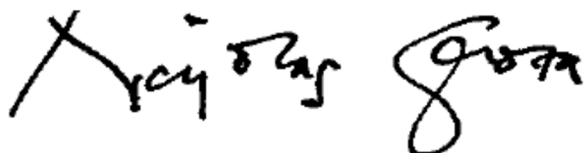
The notes on pages 147 to 166 form part of these accounts.



Dr Darren Henley OBE

Chief Executive

30 November 2021



Sir Nicholas Serota CH

Chair

30 November 2021

Statement of Cash Flows for the Year Ended 31 March 2021

[In the following list we detail for each item:

- Item: **2020/21 £000s**; 2019/20 £000s]

Cash Flows from Operating Activities

- Funds received from the National Lottery Distribution Fund (note 2): **299,352**; 275,063
- Other cash receipts: **1,622**; 87
- Grants paid (note 10): **(287,159)**; (254,921)
- Cash paid to Grant-in-Aid accounts: **(18,979)**; (17,375)
- Other cash payments: **(643)**; (830)

Net cash inflow/(outflow) from operating activities (note 12): (5,807); 2,024

Cash Flows from Investing Activities

- Interest received: –; 18

Net cash inflow from investing activities: –; 18

Net increase/(decrease) in cash and cash equivalents (note 13/14): (5,807); 2,042

Cash and cash equivalents at beginning of period:
6,677; 4,635

Cash and cash equivalents at end of period: 870; 6,677

The notes on pages 259 to 295 form part of these accounts.

Statement of Changes in Equity for the Year Ended 31 March 2021

[All amounts are £000s]

Closing reserve position 31 March

- **General Reserve 2020/21: (86,705)**
- **Fair Value Reserve 2020/21: 2,117**
- **Total Reserves 2020/21: (84,588)**
- Total Reserves 2019/20: (136,821)

Transferred (to)/from the statement of comprehensive net expenditure

- **General Reserve 2020/21: 77,416**
- **Fair Value Reserve 2020/21: –**
- **Total Reserves 2020/21: 77,416**
- Total Reserves 2019/20: 52,233

Closing reserve position 31 March

- **General Reserve 2020/21: (9,289)**
- **Fair Value Reserve 2020/21: 2,117**
- **Total Reserves 2020/21: (7,172)**
- Total Reserves 2019/20: (84,588)

Notes to the Lottery Distribution Accounts

1. Accounting Policies

1a. Basis of Preparation

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Digital, Culture, Media and Sport with the consent of HM Treasury and the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts are prepared on a going concern basis. Last year the Statement of Financial Position showed a deficit of £85 million. This year the position has moved to a deficit of £7 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments are shown in the accounts in the year when the commitment is made. In 2017/18 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through the Lottery distribution accounts showed the full four-year commitment in 2017/18 of £464 million, for activity and payments which will take place over the period 2018-22.

The deficit from last year has reduced by £78 million and will decrease further over the next two years as we make further payments against the grants that were committed in 2017/18. The grant commitments have been entered into after consideration of the cash requirements of grant recipients and after taking account of income projections provided by the Gambling Commission.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

1b. Recognition of Income and Expenditure

All income and expenditure are accounted for on a receivable and payable basis. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year.

1c. National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Digital, Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

1d. Taxation

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

1e. Pensions

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multiemployer scheme and we cannot identify our share of the underlying assets and liabilities. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with FRS102, with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with FRS102.

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts. In order to meet the pension auto enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

1f. Apportioned Costs

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. It should be noted that Grant-in-Aid accounts are prepared under the FRS102 and the Charity SORP, and as such are not impacted by IFRS. There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

1g. Financial Instruments

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

1h. Policy on Reserves

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

1i. Statement of Financial Position

The statement of financial position reports the revaluation reserve on the National Lottery Distribution Fund balance as a fair value reserve.

1j. Adoption of International Reporting Standards

Arts Council England has been required to present the Lottery distribution accounts under International Financial Reporting Standards (IFRS) since 2009/10.

2. National Lottery Distribution Fund

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**
 - Balance at 1 April: **256,637; 282,630**
 - Share of proceeds from the National Lottery Distribution Fund: **253,130; 247,871**
 - Investment returns on the Distribution Fund: **148; 1,199**
 - Receipt of funds from winding up of Olympic Lottery Distribution Fund: **–; –**
 - Cash drawn down: **(299,352); (275,063)**
- Balance at 31 March: 210,563; 256,637**

The balance in the National Lottery Distribution Fund at 31 March 2021 is based on the interim certificate issued by DCMS.

3. Other Income

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**

Grants And Sponsorship Received

- Other central Government bodies: **75; 8**
- Public Corporations: **–; –**
- Sundry: **1,568; 44**

Total: 1,643; 52

Grants, sponsorship and donations are analysed as follows:

Other Central Government Bodies

- Historic England: **50**; –
- Natural England: **25**; –
- Heritage Lottery Fund: –; **8**

Public Corporations

- British Council: –; –

Other Grants, Sponsorship and Donations

- Other grants, sponsorship and donations: **1,568 44**; 1,643 52

4. Staff Costs

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

5. Pensions

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

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

6. Costs Apportioned from Arts Council England Grant-in-Aid Accounts

[In the following list we detail for each item:

- Item: **2020/2021 £000s**; 2019/2020 £000s]
- Staff costs: **13,188**; 13,710
- Indirect staff costs: **(74)**; 302
- Premises: **1,047**; 1,275
- Supplies and Services: **1,948**; 1,568
- Travel and Subsistence: **20**; 800
- Professional Fees: **813**; 719
- Central Costs: **130**; 134
- Other Recharges – contribution to depreciation: **353**; 313
- Total: **17,425**; 18,821
- Corporate governance costs included above: **781**; 1433

7. (Decrease)/Increase in Lottery Funds

[In the following list we detail for each item:

- Item: **2020/2021 £000s**; 2019/2020 £000s

Stated after charging:

- Auditors' remuneration: **63**; 61
- Staff travel, subsistence and hospitality: **20**; 800

The fee for the statutory audit in 2020/21 is £62,500 (2019/20: £60,825) There were no fees payable to the auditors for non-audit services.

8. Non-Current Assets

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

9. Receivables

[In the following list we detail for each item:

- Item: **31 March 2021 £000s**; 31 March 2020 £000s]
- Prepayments and accrued income: –; –
- Other receivables: **40**; 18
- Provision for doubtful debts: –; –

Total: 40; 18

10. Grant Commitments

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

[In the following lists we detail for each item:

- Item: **31 March 2021 £000s**; 31 March 2020 £000s]
- Grant liabilities brought forward: **344,756**; 422,361
- Grant commitments made: **168,296**; 187,478
- Less: lapsed and revoked commitments: **(9,408)**; (10,162)
- Grant liabilities paid: **(287,159)**; (254,921)

Balance of grant liabilities outstanding carried forward:
216,485; 344,756

Ageing of Grant Liabilities:

- 2020/21: **N/A**; 207,335
 - 2021/22: **190,183**; 119,069
 - 2022/23: **19,415**; 13,726
 - 2023/24: **6,718**; 4,626
 - 2024/25: **119**; –
 - 2025/26: **50**; –
- Total: 216,485**; 344,756

11. Current Liabilities

[In the following list we detail for each item:

- Item: **31 March 2021 £000s**; 31 March 2020 £000s]

 - Trade payables: **639**; 109
 - Other payables: **33**; 13
- Total: 672**; 122

12. Cash Flow Reconciliation

[In the following list we detail for each item:

- Item: **2020/2021 £000s**; 2019/2020 £000s]

Reconciliation of Operating Surplus/(Deficit) to Net Cash Flow from Operating Activities

- Operating surplus: **77,416**; 52,233
 - Interest receivable: –; (18)
 - Decrease in receivables and prepayments: **46,052**; 26,028
 - Decrease in payables: **(129,275)**; (76,219)
- Net cash inflow/(outflow): (5,807)**; (2,024)

13. Reconciliation of Net Cash Flow to Movement in Funds

[In the following list we detail for each item:

- Item: **2020/2021 £000s**; 2019/2020 £000s]
- Increase/(decrease) in cash and cash equivalents in the year: **(5,807)**; 2,042
- Funds at 1 April: **6,677**; 4,635
- Funds at 31 March: **870**; 6,677

14. Cash and Cash Equivalents

[All amounts are £000s]

Cash and cash equivalents

- 1 April 2020: 6,677
- Cash Flow: (5,807)
- **31 March 2021: 870**

Total

- 1 April 2020: 6,677
- Cash Flow: (5,807)
- **31 March 2021: 870**

15. Leases

There were no commitments under noncancellable operating leases at 31 March 2021 (31 March 2020: £nil).

16. Capital Commitments

There were no contracted capital commitments as at 31 March 2021 (31 March 2020: £nil).

17. Charges on Assets

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

18. Reconciliation of Transactions with Delegate Body

18a. National Foundation for Youth Music

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of NFYM as follows:

[In the following lists we detail for each item:

- Item: **2020/2021 £000s:** 2019/2020 £000s]

Transactions in Arts Council England Accounts:

- Grant commitments in the year: –; –
- NFYM payables balance as at 31 March: **9,651**; 19,302

This Reconciles to NFYM'S Accounts for the Year Ended 31 March as Follows:

- Balance at 1 April: **3,857**; 1,492

Incoming Funds:

- Arts Council England grant: **9,651**; 9,651
- Other funds: **3,527**; 3,669

Outgoing Funds:

- Grant expenditure: **(11,082)**; (9,392)
- Other expenditure: **(1,659)**; (1,563)

Balance at 31 March: 4,294; 3,857

- Arts Council England receivables balance as at 31 March: **9,651**; 19,302

The 2020/21 figures were unaudited at the date of signing these accounts. The 2019/20 figures have been adjusted to reflect the audited accounts.

18c. Performing Rights Society for Music Foundation

The Performing Rights Society for Music Foundation (PRSMF) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of the PRSMF as follows:

[In the following list we detail for each item:

- Item: **2020/2021 £000s**; 2019/2020 £000s]

Transactions in Arts Council England Accounts:

- Grant commitments in the year – Grant-in-Aid: –; –
- Grant commitments in the year – Lottery: –; –
- Performing Rights Society for Music Foundation payables balance as at 31 March – Grant-in-Aid: –; –
- Performing Rights Society for Music Foundation payables balance as at 31 March – Lottery: –; –

This reconciles to the PRSMF accounts for the year ended 31 March as follows:

[All amounts are £000s]

Balance at 1 April:

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: 120

Incoming Funds:

Arts Council England grant

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: (120)

Other funds

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: –

Outgoing Funds:

Grant expenditure

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: –

Other expenditure

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: –

Balance at 31 March

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: –

Arts Council England receivables balance as at 31 March

- **Grant-in-Aid 2020/21:** –
- **Lottery 2020/21:** –
- Grant-in-Aid 2019/20: –
- Lottery 2019/20: 120

The 2020/21 figures were unaudited at the date of signing these accounts. The 2019/20 figures have been adjusted to reflect the audited accounts.

18d. Victoria and Albert Museum (V&A)

The Victoria and Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of V&A as follows:

[In the following lists we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**

Transactions in Arts Council England Accounts:

- Grant commitments in the year: –; –
- V&A payables balance as at 31 March: **938**; 1,500

This reconciles to V&A's accounts for the year ended 31 March as follows:

- Balance at 1 April: –; 207

Incoming Funds:

- Arts Council England grant: **608**; 537

Outgoing Funds:

- Grant expenditure: **(592)**; (728)
- Other expenditure: **(16)**; (16)
- **Balance at 31 March: –; –**
- Arts Council England receivables balance as at 31 March: **938**; 1,500

The 2020/21 figures were unaudited at the date of signing these accounts; the 2019/20 figures were adjusted to reflect audited accounts.

19. Financial Instruments

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2020, the fund balance was £257 million. This had decreased to £211 million by 31 March 2021, at which point there were £216 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Digital, Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

19a. Liquidity Risk

In 2020/21, 99.36 per cent of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

[All amounts are £000s]

- **At the balance sheet date, Arts Council England had net assets of: (7,172)**

We do not believe that we are exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £190 million over the next financial year.

Liquid Assets as at 31march 2021:

[All amounts are £000s]

- **Market value of National Lottery Distribution Fund investments: 210,563**
- **Cash and cash equivalents: 870**

19b. Interest Rate Risk

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a

narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £210,562,760.

In the year, the average return on these investments was 0.07 per cent (2019/20: 0.72 per cent).

[All amounts are £000s]

2020/21

- Fund Balance: 210,563
- Investment Return: 148
- Average Return: 0.07%
- Proportion of Total Income: 0.06%

2019/20

- Fund Balance: 256,637
- Investment Return: 1,199
- Average Return: 0.72%
- Proportion of Total Income: 0.48%

2018/19

- Fund Balance: 282,630
- Investment Return: 1,144
- Average Return: 0.67%
- Proportion of Total Income: 0.51%

2017/18

- Fund Balance: 298,105
- Investment Return: 660
- Average Return: 0.35%
- Proportion of Total Income: 0.29%

2016/17

- Fund Balance: 314,514
- Investment Return: 741
- Average Return: 0.34%
- Proportion of Total Income: 0.32%

2015/16

- Fund Balance: 334,285
- Investment Return: 1,095
- Average Return: 0.50%
- Proportion of Total Income: 0.41%

2014/15

- Fund Balance: 325,697
- Investment Return: 1,101
- Average Return: 0.50%
- Proportion of Total Income: 0.40%

2013/14

- Fund Balance: 286,613
- Investment Return: 1,083
- Average Return: 0.50%
- Proportion of Total Income: 0.47%

2012/13

- Fund Balance: 282,192
- Investment Return: 1,445
- Average Return: 0.78%
- Proportion of Total Income: 0.53%

2011/12

- Fund Balance: 194,490
- Investment Return: 1,515
- Average Return: 2.26%
- Proportion of Total Income: 0.71%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £869,788.

19c. Foreign Currency Risk

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

19d. Financial Assets by Category

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**

Transactions in Arts Council England Accounts:

Receivables Due Within One Year

- Accrued income: –; –
- Other receivables: **40; 18**

Total: 40; 18

Investments

- National Lottery Distribution Fund: **210,563**; 256,637

Cash and Cash Equivalents

- Cash and cash equivalents: 870; 6,677

Total financial assets: 211,473; 263,332

19e. Financial Liabilities by Category

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**
- Trade payables: **639**; 109
- Other payables: **33**; 13
- Due to Arts Council Grant-in-Aid accounts: **1,488**; 3,042
- Grant payables falling due within one year: **190,183**; 207,335
- Grant payables falling due over one year: **26,302**; 137,421

Total financial liabilities: 218,645; 347,920

Included within the financial liabilities are amounts such as grants outstanding and deferred income. While these liabilities are not contractual, they have been disclosed above in the interests of completeness.

20. Related Parties

20a. Council Members

We maintain publicly available registers in which council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

[All amounts are £000s]

Council Member: Sir Nicholas Serota CH

- Grants for the Year Ended 31 March 2021: 83
Balance Unpaid as at 31 March 2021: –
Organisation: Cornubian Arts and Science Trust (CAST)
Relationship Type: Partner is a Chair of the Trust
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 450
Organisation: Kneehigh Theatre Trust
Relationship Type: Partner is an Advisory Committee Member
- Grants for the Year Ended 31 March 2021: 17
Balance Unpaid as at 31 March 2021: –
Organisation: Ligeti Quartet
Relationship Type: Niece is manager
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 8
Organisation: Tate Gallery Curatorial
Relationship Type: Advisor role – remunerated

Council Member: Andrew Miller MBE

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 107
Organisation: Royal Shakespeare Company
Relationship Type: Other/Governor
- Grants for the Year Ended 31 March 2021: 2,000
Balance Unpaid as at 31 March 2021: 2,100
Organisation: TheSpace C.I.C.
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 2,051
Organisation: Coventry City of Culture Trust
Relationship Type: Advisor/consultant

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 3
Organisation: Independent Cinema
Relationship Type: Office Advisor/consultant
- Grants for the Year Ended 31 March 2021: 663
Balance Unpaid as at 31 March 2021: 68
Organisation: Northampton Theatres
Relationship Type: v
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 6,123
Organisation: Welsh National Opera
Relationship Type: Trustee

Council Member: Catherine Mallyon

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 107
Organisation: Royal Shakespeare Company
Relationship Type: Executive Director (remunerated) and Board Member
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 450
Organisation: Arts and Humanities Research
Relationship Type: Council Board Member
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 2,181
Organisation: City of Birmingham Symphony Orchestra
Relationship Type: Partner is a Board Member
- Grants for the Year Ended 31 March 2021: 35
Balance Unpaid as at 31 March 2021: 6
Organisation: Orchestra of the Swan
Relationship Type: Advisory Council Member
- Grants for the Year Ended 31 March 2021: 900
Balance Unpaid as at 31 March 2021: –
Organisation: Shakespeare Birthplace
Relationship Type: Trust Advisory Council Member

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 450
Organisation: Watermill Theatre
Relationship Type: Board Member (not remunerated)

Council Member: Ciara Eastell OBE

- Grants for the Year Ended 31 March 2021: 16
Balance Unpaid as at 31 March 2021: 5
Organisation: Double Elephant CIC
Relationship Type: Partner is a Director
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 8
Organisation: Tate Gallery
Relationship Type: Advisor/consultant (remunerated)

Council Member: David Joseph

- Grants for the Year Ended 31 March 2021: 208
Balance Unpaid as at 31 March 2021: –
Organisation: Julie's Bicycle
Relationship Type: Director/Trustee

Council Member: Elisabeth Murdoch

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 700
Organisation: Arnolfini Gallery
Relationship Type: Freelands Foundation, of whom Elisabeth is founder and Chair, funded this Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 41
Organisation: Bath Spa University Research and Enterprise Office
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 17
Balance Unpaid as at 31 March 2021: –
Organisation: Create London
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: 250
Balance Unpaid as at 31 March 2021: 210
Organisation: Firstsite Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 150
Balance Unpaid as at 31 March 2021: –
Organisation: South London Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 25
Balance Unpaid as at 31 March 2021: –
Organisation: The Public Catalogue Foundation
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 15
Balance Unpaid as at 31 March 2021: 1
Organisation: University of Brighton (Brighton CCA)
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 350
Balance Unpaid as at 31 March 2021: –
Organisation: Yorkshire Sculpture Park
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 1
Organisation: Manchester Metropolitan University
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 91
Balance Unpaid as at 31 March 2021: –
Organisation: a-n The Artists Information Company
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 15
Organisation: Nottingham Contemporary
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 1,275
Organisation: Nesta Arts and Culture
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 75
Organisation: Site Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 280
Organisation: Spike Island Art Space Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: 40
Balance Unpaid as at 31 March 2021: –
Organisation: The Hepworth Wakefield Trust
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 68
Organisation: The New Art Exchange Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 65
Organisation: The Whitworth, University of Manchester
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 320
Organisation: The Public Catalogue Foundation
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 484
Organisation: Towner Art Gallery
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 64
Organisation: Turner Contemporary
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 8
Organisation: Tate Gallery
Relationship Type: Freelands Foundation Organisation

Council Member: Michael Eakin

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 71
Organisation: Royal Liverpool Philharmonic
Relationship Type: Ongoing, employed as Director, remunerated

Council Member: Paul Roberts OBE

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 1,506
Organisation: A New Direction London Limited
Relationship Type: Advisor/consultant. Not remunerated
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 15
Organisation: Nottingham Contemporary
Relationship Type: Ongoing Board Member. Not remunerated
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 14
Organisation: Durham University
Relationship Type: Commissioner. Not remunerated
- Balance Unpaid as at 31 March 2021: 71
Organisation: Nottingham Music Service
Relationship Type: Former Chair of the Board. Not remunerated

Council Member: Professor Roni Brown

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 64
Organisation: Turner Contemporary
Relationship Type: Affiliated through employer. Turner Contemporary and UCA have a financial agreement for services
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 1,519
Organisation: Artswork
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 846
Organisation: Farnham Maltings Association
Relationship Type: Partner is Director
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 100
Organisation: Institute of International Visual Arts
Relationship Type: Hosted at University of the Arts London which is funded by ACE

Council Member: Ruth MacKenzie

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 8
Organisation: Tate Gallery
Relationship Type: Member

Council Member: Sukhy Johal MBE

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 208
Organisation: The University of Lincoln
Relationship Type: Employee
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 98
Organisation: Threshold Studios
Relationship Type: Partner is a Project Director

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

[All amounts are £000s]

Council Member: Sir Nicholas Serota CH

- Grants for the Year Ended 31 March 2020: 8
Balance Unpaid as at 31 March 2020: 908
Organisation: Kneehigh Theatre Trust
Relationship Type: Partner is a trustee

Council Member: Andrew Miller MBE

- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 1,230
Organisation: TheSpace C.I.C.
Relationship Type: Board Member
- Grants for the Year Ended 31 March 2020: 113
Balance Unpaid as at 31 March 2020: 12,359
Organisation: Welsh National Opera
Relationship Type: Trustee

Council Member: Catherine Mallyon

- Grants for the Year Ended 31 March 2020: 40
Balance Unpaid as at 31 March 2020: 4,402
Organisation: City of Birmingham Symphony Orchestra
Relationship Type: Partner is a Board Member
- Grants for the Year Ended 31 March 2020: 57
Balance Unpaid as at 31 March 2020: 66
Organisation: Orchestra of the Swan
Relationship Type: Advisory Council Member
- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 1,113
Organisation: Royal Shakespeare Company
Relationship Type: Executive Director (remunerated) and Board Member

- Grants for the Year Ended 31 March 2020: 8
Balance Unpaid as at 31 March 2020: 909
Organisation: Watermill Theatre
Relationship Type: Partner is a Board Member
- Grants for the Year Ended 31 March 2020: 500
Balance Unpaid as at 31 March 2020: 500
Organisation: Arts and Humanities Research
Relationship Type: Council Board Member

Council Member: Ciara Eastell OBE

- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 8
Organisation: Tate Gallery
Relationship Type: Remunerated consultant

Council Member: Elisabeth Murdoch

- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 330
Organisation: Firstsite Ltd
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 130
Organisation: MK Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 15
Organisation: Nottingham Contemporary
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 75
Organisation: Site Gallery
Relationship Type: Freelands Foundation Organisation
- Grants for the Year Ended 31 March 2020: 5
Balance Unpaid as at 31 March 2020: 580
Organisation: Spike Island Art Space Ltd
Relationship Type: Freelands Foundation Organisation

- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 720
Organisation: The Public Catalogue Foundation
Relationship Type: Freelands Foundation Organisation

Council Member: Michael Eakin

- Grants for the Year Ended 31 March 2020: 221
Balance Unpaid as at 31 March 2020: 221
Organisation: Royal Liverpool Philharmonic
Relationship Type: Ongoing, employed as Director, remunerated Professor

Council Member: Roni Brown

- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 15
Organisation: Contemporary Dance Trust
Relationship Type: The Place is an NPO and there is a proposal for partnership between UAL and The Place
- Grants for the Year Ended 31 March 2020: 16
Balance Unpaid as at 31 March 2020: 1,708
Organisation: Farnham Maltings Association
Relationship Type: Partner is Director

Council Member: Sukhy Johal MBE

- Grants for the Year Ended 31 March 2020: 195
Balance Unpaid as at 31 March 2020: 98
Organisation: Threshold Studios
Relationship Type: Partner is an employee and Project Director

Council Member: Paul Roberts OBE

- Grants for the Year Ended 31 March 2020: –
Balance Unpaid as at 31 March 2020: 15
Organisation: Nottingham Contemporary
Relationship Type: Board Member

- Grants for the Year Ended 31 March 2020: 131
Balance Unpaid as at 31 March 2020: 48
Organisation: Durham University
Relationship Type: Commissioner

20b. Directors and Senior Managers

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2021 are detailed below.

[All amounts are £000s]

Director or Senior Manager: Darren Henley

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 5
Organisation: Cultural Institute, University of Leeds
Relationship type: Unpaid Member of the Advisory Group

Director or Senior Manager: Kate Bellamy

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 938
Organisation: The Victoria and Albert Museum
Relationship type: Former employee

Director or Senior Manager: Mags Patten

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 550
Organisation: The Clore Leadership Programme
Relationship type: Part of steering group

Director or Senior Manager: Peter Knott

- Grants for the Year Ended 31 March 2021: 250
Balance Unpaid as at 31 March 2021: 250
Organisation: One Dance UK
Relationship type: Partner is paid Chair of Young Peoples' Panel

Director or Senior Manager: Phillip Gibby

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 1
Organisation: RISE Youth Dance
Relationship type: Partner is Advisor/ Consultant
- Grants for the Year Ended 31 March 2021: 35
Balance Unpaid as at 31 March 2021: –
Organisation: Trigger
Relationship type: Partner is Advisor/ Consultant

Director or Senior Manager: Simon Mellor

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 41
Organisation: Bath Spa University Research and Enterprise Office
Relationship type: Partner is employee
- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 15
Organisation: Manchester City Council
Relationship type: Part-time Project Director of The Factory

Director or Senior Manager: Tonya Nelson

- Grants for the Year Ended 31 March 2021: –
Balance Unpaid as at 31 March 2021: 7
Organisation: The National Gallery
Relationship type: Board Member

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2020 are detailed below.

[All amounts are £000s]

Director or Senior Manager: Kate Bellamy

- Grant for the Year Ended 31 March 2020: 40
Balance Unpaid as at 31 March 2020: 20
Organisation: Pitzhanger Manor House and Gallery
Relationship type: Board Member

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

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

20c. Other Government Bodies

The Department for Digital, Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party. The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

[All amounts are £000s]

Balances with other DCMS Government bodies

- **Payables 31 March 2021: 5,971**
- **Receivables 31 March 2021: –**
- Payables 31 March 2020: 1,675
- Receivables 31 March 2020: –

Balances with other central Government bodies

- **Payables 31 March 2021: –**
- **Receivables 31 March 2021: –**
- Payables 31 March 2020: –
- Receivables 31 March 2020: –

Balances with academies

- **Payables 31 March 2021: 2,057**
- **Receivables 31 March 2021: –**
- Payables 31 March 2020: 34
- Receivables 31 March 2020: –

Balances with local authorities

- **Payables 31 March 2021: 13,609**
- **Receivables 31 March 2021: –**
- Payables 31 March 2020: 21,194
- Receivables 31 March 2020: –

Balances with NHS Trusts

- **Payables 31 March 2021: 1,498**
- **Receivables 31 March 2021: –**
- Payables 31 March 2020: 1,976
- Receivables 31 March 2020: –

Balances with public corporations and trading funds

- **Payables 31 March 2021: 1,309**
- **Receivables 31 March 2021: 25**
- Payables 31 March 2020: 3,040
- Receivables 31 March 2020: –

[All amounts are £000s]

Transactions with other DCMS Government bodies

- **Expenditure Y/E 31 March 2021: 4,873**
- **Income Y/E 31 March 2021: 50**
- Expenditure Y/E 31 March 2020: 123
- Income Y/E 31 March 2020: 8

Transactions with other central Government bodies

- **Expenditure Y/E 31 March 2021: –**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: –
- Income Y/E 31 March 2020: –

Transactions with academies

- **Expenditure Y/E 31 March 2021: 2,219**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: 101
- Income Y/E 31 March 2020: –

Transactions with local authorities

- **Expenditure Y/E 31 March 2021: 2,537**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: 5,508
- Income Y/E 31 March 2020: –

Transactions with NHS Trusts

- **Expenditure Y/E 31 March 2021: 0**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: 2,015
- Income Y/E 31 March 2020: –

Transactions with public corporations and trading funds

- **Expenditure Y/E 31 March 2021: 68**
- **Income Y/E 31 March 2021: –**
- Expenditure Y/E 31 March 2020: 3,142
- Income Y/E 31 March 2020: –

21. Exceptional Items

There were no exceptional costs during 2020/21 or 2019/20.

22. Contingent Assets or Liabilities

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2016/17 to 2036/37. DCMS estimates that the first payments to the Lottery distributors will come through around the mid-2020s.

Arts Council England did not have any contingent liabilities as at 31 March 2021.

23. Events After the Reporting Period

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

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

24. Losses and Special Payments

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensations payments or ex-gratia payments. The number and value of losses during 2020/21 were as follows:

[In the following list we detail for each item:

- Item: **2020/2021 £000s; 2019/2020 £000s]**
- Total value of losses: –; 184
- Total number of losses: –; 3

There were no losses or special payments during 2020/21.

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 for creative people, creative places and a creative country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our Delivery Plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England’s status as a leading cultural force in the world.

c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England:

Evidence demonstrates that some communities are engaging very little with the arts and culture. This may be through lack of opportunities to attend and participate or because of barriers like socio-economic factors, physical accessibility, or a limited offer. We believe that everyone has the right to access the arts and culture and we want to transform the opportunities open to people in these places.

Our vision for Creative People and Places is to support the public in shaping local arts and culture provision and, in doing so, to increase attendance and participation in excellent art and culture, and existing Creative People and Places consortia are working to a 10-year vision to achieve this. This new funding will allow a selection of the places currently in receipt of Creative People and Places funding to build on achievements made possible through the current fund.

East Durham Creates is a Creative People and Places project managed by East Durham Community Development Trust Ltd. The project has been awarded £500,000 for a third phase. East Durham Creates is committed to the ongoing arts and cultural engagement of people within the East Durham area. It is an example of a community/voluntary sector agency – in this case a poverty charity – stepping up and leading cultural development in an area of historically low arts and cultural engagement. The project will aim to engage a minimum of 40,000 people over the next three years and create a sustainable legacy for long-term arts and culture provision in the area.

d) The need to inspire children and young people, awakening their interest and involvement in the arts

Despite 25 years of success, World Book Day acknowledges that there is more to do to reach more children from diverse backgrounds. They were awarded £94,360 for an ambitious programme of work to grow reading for pleasure for children and young people.

This project will improve their ability to reach more children, focusing on older children and young people, changing lives through a love of books, shared reading and improving life chances as a result.

Another strand of the project is to encourage and inspire an involvement in the arts among children living in disadvantaged communities. Working with libraries to understand how to encourage reading in four areas: Doncaster, Middlesbrough, Nottingham and Blackpool. Bespoke approaches in each area will help World Book Day learn the needs of families and what would encourage reading engagement.

The ultimate goal of the programme is that children and young people will experience literature in a new way, having a more authentic and affirming experience as readers, as the programme develops to reflect a wider range of people from all backgrounds.

e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit

Arts Council National Lottery Project Grants supports a huge range of projects that bring people together to explore creativity as communities. One such project was Positive Place Makers' Once Upon A Town.

This project, awarded £15,000, was designed to inspire a community to creatively engage and actively participate in telling the story of their town, developing a shared narrative and cultural vision for the future. In partnership with Historic England and the newly formed town cultural consortia, consisting of West Lancashire Borough Council, Edge Hill University, The Chapel, Positive Place Makers CIC and heritage organisations such as Ormskirk and District Family Historical Society, this project is focused on engaging a community, bringing together individuals of all ages to discuss, find out about the town's rich heritage and create a collective narrative and shared cultural vision/programme for the future.

The overarching aim is to provide a variety of ways to bring the community together through active engagement facilitated by professional artists. An exhibition and virtual gallery/museum will provide opportunities for people to actively engage and share their lives, creating shared stories of the heritage of Ormskirk and the way in which people have lived and are living with the pandemic.

f) The need to support volunteering and participation in the arts and community arts

Participation and volunteering opportunities play a vital role in our sector. Many of the activities we support through National Lottery Project Grants provide a wealth of opportunities for people to take active roles in their communities.

Oxfordshire Chinese Community and Advice Centre (OCCAC) were awarded £15,000 to run creative community arts groups for socially isolated, non-English speaking and vulnerable members of the Chinese community, who are unable to participate in mainstream English language arts groups.

OCCAC started offering online arts activities from August 2020 due to Covid-19. This approach proved to be very effective in connecting the community during the early months of the pandemic and removing barriers to participation, so they applied for funding to continue working in this way.

The project consists of creative community arts groups, including painting, Chinese calligraphy and music-making workshops led by professional and voluntary singers. As well as providing volunteering opportunities, the project provides vital participation activities for a community that is otherwise separated by the pandemic, connecting participants through art and music to celebrate Chinese identity and heritage.

g) The need to encourage new talent, innovation, and excellence and help people to develop new skills

The Developing Your Creative Practice (DYCP) programme was relaunched in October 2020 to support individuals who are cultural and creative practitioners and want to take time to focus on their creative development. We have committed £18 million to support individuals at this crucial time to help them innovate and develop new skills to take their practice to the next level.

In the most recent round of DYCP, we supported 824 individuals and freelancers to reshape and redefine their work during the pandemic. We supported as many exciting and ambitious proposals as we could, investing over £7 million.

h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

i) The need to further the objectives of sustainable development

During the period under review, a number of organisations completed construction projects despite the pandemic and are planning for operation in line with government guidelines.

The Royal Shakespeare Company's Costume Workshop was completed in November 2020. It has been designed in line with BREEAM 2014, New Construction, which is used to assess the environmental life cycle impacts of new non-domestic buildings at the design and construction stages.

The building incorporates several features to reduce its environmental impact, such as solar shading and high-performance building fabric with airtight construction techniques. It will also use renewable technology, with photovoltaic panels to decrease the amount of electricity used in the building, particularly during the summer months. The new development should reduce carbon dioxide emissions by 26.2 per cent.

Arts Council England invested £4.2 million Lottery capital funding in The Box, Plymouth's new £46 million cultural destination which opened in September 2020 and the flagship project of the country's Mayflower 400 commemorations.

The design of The Box has placed particular emphasis on sustainability including the following key environmental measures:

- passive solar design to maximise natural daylight while minimising solar gain and providing a balanced, glare-free luminance
- use of thermal mass, night time cooling and passive ventilation to control humidity and temperature
- acoustics to provide good listening conditions
- naturally ventilated spaces where possible and, where not, consideration has been given to hybrid systems
- appropriately zoned and controlled heating systems utilising the local district heating provision
- efficient lighting and automatic controls, reducing energy consumption while maintaining required luminance
- an efficient building envelope including high levels of insulation and low air permeability
- energy and water efficiency that is easy to monitor through the building management system

During operation, The Box will maximise the use of recycled materials. An ethical refuse strategy has been implemented post-construction in line with relevant policies, for example PCC's zero-to-landfill agenda.

A travel plan has been written to minimise single occupancy car journeys of staff and volunteers, and a new working from home policy has been adopted to create a better life/work balance for staff and to reduce unnecessary travel.

Biodiversity is celebrated in the public realm by planting locally derived flora to encourage local fauna.

j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed

Over the past year we have continued to support ambitious projects as organisations and creative practitioners have risen to the challenges posed by the pandemic and embraced new platforms to ensure that people across England can continue to access high-quality cultural experiences.

SFP Shows Limited were awarded £1.3 million for the ambitious project **here and now**, a bold, nationally significant season of new plays curated for challenging times. Under the vision of producer Sonia Friedman and artistic director Ian Rickson, **here and now** is a five-month season of new plays, directly curated for our times and specifically designed for safe, socially-distanced live performance and digital/TV broadcast. The work will be free-to-air on the BBC, extending reach and equality of opportunity. The nature of the plays and less formal audience-performance dynamics will remove barriers to access.

As well as continuing to support wide-reaching arts projects, in response to the Covid-19 crisis, we made £160 million of Lottery funding available for organisations and individuals who needed immediate support. The emergency funds package consisted of:

- £90 million made available for National Portfolio Organisations and Creative People and Places lead organisations
- £50 million made available for organisations outside of the Arts Council's National Portfolio
- £20 million made available to creative practitioners and cultural workers

These funds were designed to reduce the immediate financial consequences of the Covid-19 crisis, to help individuals and organisations to get back on their feet so that they can continue making work in the future that will mean they can contribute to delivering our new Strategy, 'Let's Create'.

k) The need to support the long-term managerial viability and leadership of organisations in the arts

The Bristol Visual Arts Review set out to achieve a sustainable, long-term step change for visual arts in Bristol. One of the primary recommendations of the review was to invest in a significant programme of exhibitions, projects and events in the spaces at the Arnolfini and Bush House, supporting curatorial skills.

This was a transitional and potentially transformative moment for the visual arts in Bristol and presented an opportunity for Arts Council England to invest in an internationally significant visual arts programme for the city and the West of England.

The Arnolfini Gallery has been awarded £1.8 million to deliver a range of outcomes supporting curatorial excellence in the city and beyond.

I) The desirability of working jointly with other organisations, including other distributors

We recognise that working in partnership with other organisations helps us to achieve our shared aims, as well as increasing the impact of our Lottery funded activity.

We have continued to work closely with the Music Venues Trust to offer an additional £1.5 million to support grassroots music venues. This funding is available to those whose main function is to host and/or promote live music events, particularly for new and developing talent in small- and mid-scale venues.

To date, in 2020/21 we've supported 58 projects, including awarding £38,848 to The Leadmill in Sheffield to create a diverse and sustainable future through researching, developing and diversifying programming to serve as many communities in Sheffield as possible.

Thriving Communities Fund

The Thriving Communities Fund was designed to increase social connectedness, and help communities cope with the impact of Covid-19. It was made possible by joint working with the National Academy for Social Prescribing (providing £1.15 million) and the Arts Council (providing £250,000). The initiative also includes NHS England, Sport England, Natural England, the Office for Civil Society, the Money and Pensions Service and NHS Charities Together as strategic partners.

By working with those communities most impacted by the Covid-19 pandemic, including Black, Asian and Ethnically Diverse communities, the projects we will support through the Thriving Communities Fund will help to enhance collaboration and networking between local organisations, strengthen the range of social prescribing activities offered locally, and enable social prescribing link workers to connect people to more creative community activities and services, as well as exploring ways to make these partnerships and activities sustainable over time

m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. Arts Council National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. 2020/21 saw a total of 2,411 awards made with a total value of £46,458,515.
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that

apply need to show how work supported by development funding is additional to their core programme.

In 2020/21, 831 awards were made with a total value of £25,749,440.

No touring was supported during the year due to the pandemic.

Financial Directions

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

“The Arts Council of England (‘the Council’) shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended (‘the Act’). The Statement of Financial Requirements complements the Council’s Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.”

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2020/21. A copy of the Statement of Financial Requirements is publicly available.

Lottery Administration Costs

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 8 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2020/21 were approximately £1.76 million less than the target and approximately £0.53 million less than last year.

1. Actual Lottery Administration Costs

Actual Administration Costs*

- 2016/17 £M Actual: 17.85
- 2017/18 £M Actual: 16.26
- 2018/19 £M Actual: 16.35
- 2019/20 £M Actual: 17.63
- 2020/21 £M Actual: 17.10
- 2020/21 £M Target: 18.86

*** Excludes exceptional items and one-off it development costs**

2. Adjusted Lottery Administration Costs

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

Actual Administration Costs*,**:

- 2016/17 £M Actual: 15.02
- 2017/18 £M Actual: 15.61
- 2018/19 £M Actual: 15.37
- 2019/20 £M Actual: 16.34
- 2020/21 £M Actual: 17.41
- 2020/21 £M Target: 19.20

*** Excludes exceptional items and one-off it development costs**

**** Figures have been adjusted for inflation using 2015/16 as the base year**

3. Actual Lottery Administration Costs as a Proportion of Lottery Income

Actual Administration Costs as % of lottery Income*

- 2016/17 Actual: 7.82%
- 2017/18 Actual: 7.07%
- 2018/19 Actual: 7.00%
- 2019/20 Actual: 7.08%
- 2020/21 Actual: 6.75%

*** Excludes exceptional items and one-off it development costs. 2019/20 percentage calculated as an average of three years' income**

Grants Processing Times

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

Size of Application

- **Applications for funding up to and including £15,000:**
Turnaround Time: 6 weeks
- **Applications for funding for £15,001 and above:**
Turnaround Time: 12 weeks

Since 2009/10 we have adopted a target of processing 90 per cent of all applications within our stated turnaround times. The thresholds were increased on 1 July 2013 from £10,000 to £15,000.

Year: 2016/17 Actual

- **A:** 99.83%
- **B:** 99.13%
- **C:** 99.73%

Year: 2017/18 Actual

- **A:** 95.50%
- **B:** 97.07%
- **C:** 95.74%

Year: 2018/19 Actual

- **A:** 96.44%
- **B:** 96.19%
- **C:** 96.40%

Year: 2019/20 Actual

- **A: 99.32%**
- **B: 97.42%**
- **C: 98.94%**

Year: 2020/21 Actual

- **A: 94.95%**
- **B: 95.50%**
- **C: 95.06%**

Year: 2020/21 Target

- **A: 90%**
- **B: 90%**
- **C: 90%**

A % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

B % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

C Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

Policy on Additionality

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make

up the Lottery Forum, we have agreed to share the following common definition of additionality:

“Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.”

We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

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