

Addendum to 2023-26 Investment Programme Guidance for Applicants

**For National Portfolio and Investment Principles
Support Organisations**

Arts Council England



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This addendum is an additional but essential part of that original guidance. It should be read and considered by applicants prior to submitting an application.

Introduction

As part of the way that the Government manages public money, the Secretary of State for Digital, Culture, Media and Sport will from time to time issue instructions to Arts Council England on how we should use our resources in line with the wider objectives of the Government. Following the publication of the Government's White Paper on 2 February 2022, The Secretary of State has issued an instruction on how the Arts Council should use our resources to further the Government's 'Levelling Up priorities'. **Read the instruction**

(<https://www.artscouncil.org.uk/sites/default/files/download-file/Instruction%20from%20the%20Secretary%20of%20State%20for%20Digital%2C%20Culture%2C%20Media%20and%20Sport.pdf>).

These instructions have implications for our 2023-26 Investment Programmes for both National Portfolio Organisations (NPOs) and Investment Principles Support Organisations (IPSOs). This Addendum to the Guidance for Applicants explains what the policy direction means for applicants to our NPO and IPSO investment programmes.

Please note that, as the Secretary of State's instruction makes clear, the Arts Council will continue to be responsible for making decisions on which individual organisations to invest in, and at what level, based on our assessment of applications and how we can best use our investment to achieve our strategy, Let's Create.

The Arts Council has now received early notification of its indicative financial settlement from DCMS for the period 2022-25. This includes a programme Grant in Aid uplift of 2% (£43.5m over SR period).

The instruction from DCMS makes clear that all of this uplift must be invested in order to benefit creativity and culture outside of London, and where possible in a way that benefits 109 'Levelling Up for Culture Places'. The list of Levelling Up for Culture Places, the methodology used to select them, and how they relate to the previously announced Arts Council Priority Places are **available here** (<https://www.artscouncil.org.uk/your-area/priority-places#section-1>).

The policy direction also requires that the Arts Council reduces its overall current investment in the National Portfolio in London by £24 million per year by the end of the 2024/25 Financial Year and reinvests that money outside of London and, where possible, in ways that benefit Levelling Up for Culture Places. £24 million represents approximately 15% of the current London NPO budget. We are required to reallocate that investment in two stages:

- a minimum of £16 million per year from 1 April 2023
- a further £8 million per year by 1 April 2025

In addition, we are required to ensure that all NPOs and IPSOs that receive £2 million or more per year will increase their collective activity in Levelling Up for Culture Places by 15% by 31 March 2026. This applies to all NPOs and IPSOs that receive £2 million or more wherever they are based.

Arts Council England remains responsible for the decisions taken on which individual organisations it chooses to invest in and at what level. We will make those decisions in line with the aims and ambitions of our strategy Let's Create, and as described in the full Guidance for Applicants for these programmes. This may include removing funding and making reduced offers to current organisations in the National Portfolio, including in Arts Council Areas where we are increasing our investment. We will assemble a group of NPOs and IPSOs which we think, based on the applications we receive, are best placed to help us deliver Let's Create, and which provides the strongest balance of organisations delivering creativity and culture across the country.

How we will invest our additional funding from DCMS

We are required to use all of the £43.5 million of additional investment from the Government to support activity and organisations outside of London. We will decide how much of this investment to deploy through the NPO programme based on the quality and range of applications we receive.

In addition, from the 1 April 2023, we plan to use all of the £16 million we are moving from London to invest in NPOs outside of London.

As we make decisions on how to invest this additional money in NPOs, we will prioritise:

- i) Increasing our investment in existing NPOs in Levelling Up for Culture Places
- ii) Investing in new NPOs in Levelling Up for Culture Places
- iii) Investing in new activity in Levelling Up for Culture Places, delivered by NPOs outside those Places but working in partnership with those Places

How should I respond to this in my application?

If you are an applicant that is based in one of the Levelling Up for Culture Places, then we will pick this up through your Grantium profile. We will then take this into account when we consider your application (including any request for additional investment you may have made) in our balancing and decision-making process.

If you are an applicant that is based outside one of the Levelling Up for Culture Places and are planning new activity in one or more of those Places, then you should include that information in your Activity Plan for 2023/24 and make sure you indicate which of those Places you are planning to work in.

If you have a query about the activity template in relation to Levelling Up for Culture Places, please **refer to our FAQs** (<https://www.artscouncil.org.uk/2023-26-investment-programme/2023-26-investment-programme-frequently-asked-questions#section-6>).

If you are planning activity in Levelling Up for Culture Places beyond 2023/24, then you should include reference to that in your answer to the question:

‘Please provide an outline of your organisation’s plans for the three-year investment period, which sets out an overview of your organisation’s proposed contribution to Let’s Create and its Outcomes’

We will be looking to support activity that is developed in partnership with people or organisations in the Levelling Up for Culture Places.

How we will reduce our investment in London

We are determined to improve access and opportunities for all of London's communities in line with the vision of Let's Create and will look to bring in new entrants and to offer some uplifts to existing NPOs in London where that investment best serves that vision. That means that, in addition to the £24 million we are required to move from the London budget and invest outside London, we also plan to use the London NPO budget to make the portfolio more representative of London in terms of the diversity of its leadership and its geographic distribution.

We will assess the applications we receive from organisations based in London and determine how we can best use our investment to help deliver Let's Create. We will consider how we can ensure better distribution of investment across London's 32 boroughs, and across our different artforms and disciplines. We will also take into account applications from London based applicants that relate to activity and organisations in our London Priority Places (Barking and Dagenham, Brent, Croydon, Enfield and Newham).

We will use a combination of three different approaches to enable us both to move £24 million out of London and release further resources to reinvest in the London portfolio to ensure it is better able to deliver Let's Create from 1 April 2023 onwards:

1/. Current NPOs leaving the portfolio

Some current NPOs based in London will be unsuccessful in their applications and will leave the portfolio on 31 March 2023. For organisations leaving the portfolio we will discuss with them whether there are other sources of Arts Council investment available for them to continue their work.

2/. Reducing grants to current NPOs

Some current NPOs based in London will be offered less than their current levels of funding – and less than the planning figures that we provided them. We will make those decisions on a case-by-case basis. We understand that those organisations offered reduced funding may have to deliver lower levels of activity than set out in their application. We will use the funding agreement negotiation period (between October 2022 and February 2023) to agree a revised activity plan.

We are required to achieve a £16 million per year reduction in our NPO investment in London by 1 April 2023 through a combination of leavers and reductions.

3/. Supporting organisations to relocate

We will use the application process to identify a group of London based applicants prepared to relocate outside of London by 31 March 2025.

We are required to achieve a further £8 million per year reduction in our London portfolio budget by 1 April 2025, which we aim to achieve through this process.

In the event that we do not achieve the £8 million reduction through relocations, we will need to achieve more than £16 million in reductions in organisations leaving the portfolio and/or through more reduced offers.

How should I respond to this in my application?

If you are a London based applicant, competition for funding will be especially intense and we expect to face extremely challenging decisions about which organisations to support and at what level. We ask both current NPOs and new applicants to set their expectations accordingly. We also ask all applicants to give serious consideration to the possibility of relocating outside London by 31 March 2025.

However, we remain committed to building a London portfolio that ensures that the capital continues as an international cultural powerhouse and, at the same time, is more representative of all of London's communities and better placed to deliver Let's Create. We therefore encourage applications from potential joiners (as well as requests for uplift from current NPOs) that can help us deliver on those ambitions.

In relation to the potential to relocate, we have now added a new question to the application form which all London based applicants (potential joiners and current NPOs) will be required to complete:

Are you willing to move to an out of London location by 31st March 2025?

By 'move' we mean establishing a main office (and your registered office) outside London, as well as demonstrating a tangible commitment to adding value to the local cultural sector and the communities it serves. You must answer 'yes' or 'no' to this question.

If you have answered 'yes' to this question, we will send you more information about a new programme that we are developing which will run parallel to the NPO and IPSO programmes for the two-year period 1 April 2023 to 31 March 2025. This programme will provide funding, similar to that provided through the NPO and IPSO programmes, for you to run your organisation and deliver activity for two years. Organisations on the programme will use this period to plan and organise their relocation.

We expect to be able to provide more information on this programme this summer. At that point we will ask you to confirm your interest in being invited on to the programme. By the end of October, we will notify you whether you have been offered funding through this programme.

We intend to put in place a simplified application process to enable organisations on this new programme to apply for funding as NPOs or IPSOs from their new location for 1 April 2025 – 31 March 2026. Please note that no capital funding will be provided to support relocation.

At this point, London based applicants need only answer yes or no to the relocation question included in the application. No further information is required by us now, nor will we expect you to start work on your relocation until we contact you.

Organisations applying for £2 million or over per year

All organisations, wherever they are located, that are awarded on average £2 million or over per year will be required, collectively, to increase their activity in Levelling Up for Culture Places by 15% by 31 March 2026. Activity will need to respond to the need and aspirations of, and directly benefit, the public in these Places, and be developed jointly with communities and organisations in those places. It can include creating new work, touring, community collaboration, education and outreach and participative activity.

These organisations will need to ensure that their activity widens access to culture, engaging children, young people and adults, who are currently under-represented in terms of benefiting from public investment in culture. Organisations will need to show how they are establishing partnerships with the area, including through the allocation of resources to deliver projects designed and managed jointly with organisations in Levelling Up for Culture Places. Activities delivered through these partnerships could include exchange, mentoring, co-commissioning, talent development programmes, business development and training.

How should I respond to this in my application?

We have added an additional question to the application form which all applicants requesting £2 million or over per year (ie a total of the main request and any additional investment request) are required to answer:

Do you commit to increasing your support for and activity in Levelling Up for Culture Places during the 2023-26 funding period, and agreeing appropriate plans and levels of activity during funding negotiations, if you are offered NPO or IPSO funding?

Yes/no

If you are seeking funding of (an average of) £2 million per year or over, you will only be offered funding if you have answered 'yes' to this question.

You will need to provide additional information in two further places:

1/. Under the following question on the application form:

'Please provide an outline of your organisation's plans for the three-year investment period, which sets out an overview of your organisation's proposed contribution to Let's Create and its Outcomes'

You should set out the longer-term plans that you have to increase your activity in Levelling Up for Culture Places.

2/. If you have any relevant activity planned in 2023/24, you should include this in the Activity Plan and Location Form.

Please note that the exact nature, scale and content of the activity will be agreed with you during funding agreement negotiations. We will also use this period to establish an agreed baseline from which to measure your contribution to the 15% increase by the cohort.

How the Government Instruction will impact our balancing and decision-making process

In the main guidance we have stated that we expect to receive many more strong applications than we can fund. This means that we will go through a process of ‘balancing’ as we make our final decisions to ensure, based on all the applications we receive, we are using investment to maximise our chances of delivering Let’s Create. Our balancing criteria provide a framework to help us with our decision-making process. We may decide to invest in organisations depending on the contribution they are making across a range of balancing criteria.

We have set out in the main guidance the list of our balancing criteria – ‘geography’, ‘diversity’ and ‘range of provision’. The policy direction from Government means that when we look at how we create a group of NPOs and IPSOs that is more representative of the geography of England, we will also take into account whether applications relate to organisations and activity in the Levelling up for Culture Places. This is in addition to a) the Arts Council’s Priority Places, b) places of historically low Arts Council investment c) places of historically low cultural engagement and d) the spread across the country and between rural, towns and cities. This means that when we are considering our investment in London, we will look at whether applications relate to our five Priority Places– Barking and Dagenham, Brent, Croydon, Enfield and Newham.

Our balancing process is designed to allow us to identify a cohort of NPOs and IPSOs that, within the resources we have available, are best placed in our view to work together to deliver Let's Create across the country to the benefit of all our communities.

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Unit 4 Montpelier Central, Station Road, Bristol BS6 5EE
01179 44 00 44 info@a2i.co.uk www.a2i.co.uk

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