

Briefing transcript – National Portfolio Organisations 2023-26: for current NPOs

3.30pm, 8th March 2022

MICHELLE DICKSON: Hi. Welcome everyone. We'll just wait a moment or two as people join the room. We'll get started in a minute or so.

Hi everyone. We'll just wait as people join the room and we'll get started soon.

Hi. We will be starting soon. We're just waiting for everyone to join the room and then we'll get started.

MICHELLE DICKSON: Hi everyone. Thanks very much for joining us. Welcome. I'm Michelle Dickson. I'm the director of strategy at Arts Council England. I'm a white woman in my mid-40s, I've got dark brown hair tied up, I'm wearing a blue top and I'm sitting in front of a white wall with a picture of a bus behind me. This session is for organisations that are currently NPOs and who are planning on making an application to the NPO programme. Today's session is live captioned and also has BSL interpretation. For the best experience, we recommend using the desk top version of the Zoom app. The session is also being recorded and will be posted on our website afterwards. The first-half of the session will be a presentation. Then we'll take a ten minute comfort break before answering some of your questions. We have a maximum of 90 minutes for this session bringing us to five o'clock. You can submit questions to us using the question and answer box. All the questions we receive will feed in an update of our online FAQs. When these FAQs have been updated and once the recording is available online with a transcript, we'll e-mail you and let you know. The next slide, please, Lucy.

Before we start, I want to introduce who is taking part in the session today. We have BSL interpretation from Jo Ross and Rosie Copeland. Live captions from Marea O'Brien and joining me to present today is Simon Mellor, Deputy Chief Executive Arts and Museums and joining us to answer questions will be Alex Middleton, Senior Manager Funded Organisations and hosting the questions will be Thomas Wildish, Senior Manager Operations from the Midlands team. Next slide.

This is what we're going to cover with you today. This is a practical session that's designed to help you understand the information we're looking for in an application and how we'll use it to make decisions. We'll go through where we are in the process, what we'll be asking you in the application and cover off what comes next in the process. So, let's get started. Next slide.

In January, we published the Guidance for Applicants and other supporting material for this Investment Programme. In February, we published our Relationship Framework, communicated planning figures to current NPOs, and published an addendum to this guidance which sets out how our instruction from DMS in relation to Levelling Up. We'll cover all of in today's session. Looking to the application window, the application portal opened on 28th February. It will close at midday on Wednesday, 18th May. Decisions will be shared by the end of October. Next slide.

Before we dive into the Guidance for Applicants and the addendum, we wanted to touch on the documentation that's now available to you. We know we've published a large volume of information. We did this because we wanted to make sure that everyone, whether you're new to us or old hands, had all the information you need to make a decision whether to apply and then to be able to submit a strong application. Everything is available in accessible format such as Easy Read, large print, audio and BSL. Our essential documents include the Guidance for Applicants. There is a version for NPO and a version for IPSO applications. The addendum to the guidance which applies to both programmes. Also essential are the templates we need you to complete as part of your application. These are so we can see your financial information, your plans to embed our investment principle, and the outcomes activity in your application. We've completed examples, how to guides and video walk-throughs of these templates. None of this content is essential, but you might find it useful support. It is there if you need it. Similarly, we have information sheets available for access support, equality and fair pay, supporting practitioners, and the importance of good governance. Again, none of this is essential, but you might find it helpful. We have further resources including Word versions of the application form that you can use so you don't have to do all of your drafting in Grantium and our online FAQs are divided by topic. If you've got a query, they are a great place to start. Finally, the background reading provides context for this Investment Programme and what we want to achieve with it. It is important you've read this too. That's our strategy, Let's Create, our delivery plan and our investment principles information. Next slide.

So we're going to talk you through the information in the Guidance for Applicants which is now in two parts including the new addendum. We'll talk through everything we're asking for you in the application form and why we're asking for it. But before that, there are a few things you'll need to do before making your application. You'll need to make sure your organisation and the activity you're proposing are eligible by reading the eligibility criteria in our Guidance for Applicants. You can book an introductory conversation. This isn't mandatory for current NPOs. If you want one, you can book it directly with your Relationship Manager. Please note that your Relationship Manager won't be able to advise you on your application outside of this introductory conversation as we want to ensure a level playing field for all applicants to the programme. You'll also need to make sure your Grantium is up-to-date. Next slide.

So, turning to how much you can apply for. Current NPOs have all been sent a planning figure. This is the maximum amount you can show as Arts Council funding. It is designed to enable the Arts Council to see what you would offer in return for this level of funding. The majority of planning figures are based on current funding levels. There are a few technical anomalies such as organisations that currently have two funding agreements. Given what's happening with inflation, as well as the pressures currently facing cultural organisations as we emerge from the pandemic, we recognise that stand still funding won't enable you to carry on as you have done in the past. That's why we encourage all applicants to plan and propose

activity in their application which is sustainable and deliverable at the level of funding in their planning figure. We understand that may mean scaling back levels of activity you hope to deliver. We understand too that for a number of organisations, audiences, or visitors might be slow to return after the pandemic and that will influence the ambition of your programming and your income projections. We will not mark your application down because of this. Despite the pressures you face, we do also strongly encourage you to make sure your application responds clearly to our strategy, Let's Create. You also have the opportunity in your application to apply for additional investment and we'll talk more about this later on. Please note that you cannot assume that because we've given you a planning figure that that is the level of award you will receive. We may make offers at lower levels than the planning figure or indeed, make no award at all. In some cases, we may decide to award you more than your planning figure by including all or some of the additional investment you've requested. I'll hand over to Simon.

SIMON MELLOR: Thanks, Michelle. Could I have the next slide, please? Just to introduce myself. I'm Simon Mellor. I'm the deputy Chief Executive for arts and museums and I'll be on screen for fully in the question and answer session. I'm a white male in my 60s. I wear glasses. I have grey, short hair and I'm in a green room in my back bedroom. So, we're going to talk about the application form now. The application form is on our online application portal, Grantium. Just a reminder that we can provide support to help you with access issues you may experience in making your application, but we can't accept the application in any other formats. Some information from your applicant profile will automatically pull through into your application form such as contact details, and your governance document. You will need to download and complete some templates which you will need to attach with your application form. If you become an NPO, those templates you submit as part of the application form will go on to become part of your funding agreement and we'll also use them as part of our monitoring relationship with you. You can't attach any other information with your application than the information we specifically asked for. This includes additional information provided via hyperlinks. We are not able to review any materials that you include that we have not requested. Please note that you do not need to include a business plan or any other associated plans. We will use knowledge of your organisation, including information we have as a result of our monitoring of your current NPO funding agreement. You're also required to provide some information on the people involved in your organisation's governance and leadership. It is important that you provide this information as accurately and completely as possible. This information is an essential part of our balancing process which we'll talk about later on. Next slide, please, Lucy.

Okay, so now we start looking at the detail of the application form. The first section of the application form has some background questions about your organisation. The questions we ask relate to your organisation as a whole. Whilst our funding agreement with successful organisations will focus on key activities linked to delivery against our outcomes and investment principles, we contribute funding to the organisation or business as a whole. So in general, you should think of it as core funding rather than funding for specific projects. In asking about your organisation's

mission or purpose, we want to get a sense of whether creativity and culture is central to your organisation's work or whether you're an organisation from outside of the creative and cultural sector applying to deliver creative and cultural work. We welcome applications from both types of organisations. We ask about your organisation's track record in access and excellence and this is where you'll start to tell us about the contribution you can make to our strategic aims set out in Let's Create. We recognise that at the moment our funding does not reach a wide enough range of people in this country. Both in terms of audiences and the people who work in publicly funded culture. We therefore want to hear from you about what steps you have been taking to improve access and to ensure that a wider range of people benefit from creativity and culture. Both in terms of your audiences, participants, or visitors and the people you work with as paid staff or volunteers. We also want to ensure that our investment is supporting high-quality work. We are therefore interested to hear about your views of the quality of your work and what evidence you use to reach those views. Talk about your track record in access and excellence in relation to Let's Create and tell us what you have achieved and how that means you're well placed to make a strong contribution to Let's Create. And the next slide, please.

In this section, we also ask about your organisation's management and governance arrangements. I'm just going to talk a little bit about our expectations here and what our funding relationship with you will look like. As you'll know from our previous briefings and published materials, we will for successful organisations, expect your board or oversight group to carry out its responsibility of ensuring that the executive is delivering on the funding agreement signed on behalf of the company. We also want to see boards play an active role in helping the executive embed the investment principles. The main way in which we will monitor NPOs is through the board papers or reports to an oversight group. So we're looking for what you tell us in your application to demonstrate that you have or will put in place appropriate governance or oversight arrangements. We know that not all organisations will have or be legally required to have an independent board. Where this is not appropriate for your organisation, we will expect you to put in place an oversight or advisory group that can take an active role in ensuring that the funding agreement has been delivered and whom we can talk to if we have concerns. An advisory or oversight group should have people who understand your business and can help your business to be more effective. There should be people who are independent. That's people who aren't related to the executive team and don't receive payment for working with the company. This group should receive reports on how you're doing against your funding agreement. We will want to talk to them if targets aren't being met or if we have identified other risks. It would be good practise to have a conflict of interest policy and terms of reference making the group's role clear. We have published a series of Frequently Asked Questions should you want to look into this in more detail. There are also some organisations that have executive officers on their boards. For example, an artistic or executive director. In these cases, we would expect there to be clear conflicts of interest policies in place, and terms of reference that set out the role of the board and the role of the executive team. We also require that independent members of the board would be in the

majority. Because this is public money, what we need to see is an appropriate level of independent oversight and scrutiny of the funding agreement. If you don't already have a board or appropriate oversight structure in place you will need to have it up and running by 1st April 2023, so not before you make your application, but you will need to tell us about your plans in your application. You can also use this section of the application form to talk about any board sub-groups that you might have in place to support you. This might include a finance and audit group for instance or a special group set-up to help you with aspects of the investment principles. We publish an information sheet on good governance and a guide for boards or working with the investment principles if you need any more advice on our expectations in this area. Next slide, please.

Now moving on to what we'll ask you to tell us about contributing to our outcomes. Whilst we expect organisations applying for more than £1 million per year to be able to contribute to all three of our outcomes, we really want to emphasise that other applicants should think about how to focus their application and encourage you to apply against one or two of our outcomes. We want to encourage depth of activity and we want to see sustainable applications where the activity is feasible within the budget and the cost pressures facing you. Your plan should take into account things such as access provision, support for freelancers, training, etcetera. We'll ask you what percentage of your activity you estimate will contribute to each of the outcomes you have selected. You may find it easier to answer this question once you have completed the activity plan. We know that this will be an estimate, but it does help us understand roughly how our total NPO investment supports each of our three outcomes. We ask about your organisation's plans for the three-year funding period with a focus on how those plans will contribute to the outcome or outcomes you have applied against. You'll need to provide a narrative response here. We also ask you to complete and upload an activity plan use ago template. You'll need to use this template to tell us about your planned activities that will contribute to the outcomes and their elements for the first year in more detail as well as provide information about the location of these activities. As with the outcomes more generally, please don't try to deliver against all the elements. Think about what's most relevant for your organisation and the activity you're proposing. The templates will help us understand your proposed contribution against outcomes and elements and will form the basis of funding agreements and be at the heart of our monitoring requirements for successful applicants. In reviewing what you tell us about your three-year plans and your activity plan for the first funding year, we'll be focusing on the strength of your contribution to our outcomes and their elements. Remember to focus on that. We published completed examples of the template, a how to guide and recorded walk-through. If you still have questions after using these resources, we are holding a separate briefing and Q and A session on the activity plan template. These resources, alongside that Q and A session, will be made available online as a recording afterwards if you need more support with how to approach completing the template. The next slide, please, Lucy.

Now, turning to the investment principles. All NPOs will be required to embed all four of our investment principles. We think the investment principles are what

characterises a well-run, modern cultural organisation. We want to be confident that we are investing in well-run organisations. In the application form, you'll need to tell us. In that investment principles plan, you'll need to tell us about your three-year ambition for each investment principle, your priorities for the first funding year and the actions you plan to take in the first funding year. In reviewing your plan, we'll focus on the progress you're likely to make against each investment principle. What we're really interested in here is the journey you're on and the process your organisation is undertaking to embed the investment principles. How you're setting and monitoring measures of success and how you're using data to do this. As with the activity plan, we're holding a separate Q and A session on the investment principles plan template and have published other materials including examples of completed templates to help you work how to approach these. This Q and A will be recorded and posted online afterwards. Next slide, please.

In the finance section of the application form we ask a couple of narrative questions and then ask you to upload your most recent financial statements and a template to complete in three parts. A balance sheet, an annual budget for each funding year and a cashflow forecast for the first funding year. That financial information should be for your organisation as a whole, not just the activity your application is focused on. For local authorities and universities, this would generally mean the departmental budget and cashflow for the organisation that is seeking funding. For instance, a museum, or a theatre based within a local authority. We know that the item lines in the budget and cashflow may not all match with your organisational budgets, but we need consistent and reportable information from organisations and that is why we are asking you to use the template we have provided for your financial information. You should use your judgement to include items in what seems like the most appropriate line. There is a line for access costs in the budget and it is really important that you think about including sufficient costs for making your work accessible as well as any access costs your organisation might incur if working with disabled creatives and or members of staff. We are aware that some organisations, for instance, disabled-led organisations may have higher costs in this area and we will take this into account as we go through our assessment and decision-making process. We know that this might mean you're asking for proportionately more money from the Arts Council than other applicants. Next slide, please.

As previously mentioned, current NPOs can apply for additional investment above and beyond their planning figure. So, just to be really clear, the rest of your application annual budget must be based on what you do using your planning figure as a maximum grant. There is then a separate section of the application form where you can tell us about how you would deliver further against Let's Create with additional investment. You will not be submitting a budget for this, but we ask for an outline costed breakdown of the activity as part of your narrative response. This request for additional investment does not have to be structured as a one-off project although it could be. It could be used to build your core business. All NPOs can apply for additional investment. But there are some specific areas we will be focusing

on in deciding how to award any additional investment. We want to use increased awards to help us achieve our ambition of investing in organisations that are more representative of this country. In terms of the diversity of an organisation's leadership, and in terms of geographic location. So in making these decisions we will be looking at the profiles of the organisation's governance and leadership from the information submitted within the application form and also at activity that is being planned in Levelling Up for Culture Places. So we're now going to move on to talking about the addendum for Guidance for Applicants and explain more about our Levelling Up for Culture Places and how they relate to the application process. I'm going to hand over to Michelle.

MICHELLE DICKSON: On 23rd February we published an addendum. This was the final piece of information we needed to share with you before the application portal opened. We had let people know that we would be publishing an addendum. This addendum sets out how we intend to support the Government's Levelling Up agenda and in particular, how we'll deliver on the instruction we received from the Secretary of State at the Department for Culture, Media and Sport. The instruction details how some of our existing London budget, along with new money secured in the Spending Review, should be deployed outside of London in this Investment Programme. Before we go any further, we want to make some points clear. We know it is not ideal to have to publish more information late on in the process. So we delayed and extended the application period to give everyone more time. We want to explain what the addendum means for applicants in as simple terms as we can. We also want to remind you that we're here to help. If you have any questions, or concerns that we don't answer today, and aren't reflected in our FAQs then please get in touch with our Customer Services Team. We'll do all we can to answer your queries. We also acknowledge that this addendum brings particular challenges to London-based organisations. Competition for our NPO and IPSO Investment Programme will be fiercer in London, but we can promise you that we will look at the whole ecology and all the individual bids we receive before making any decisions and we'll take those decisions carefully and fairly and according to our published criteria. We understand that many London-based organisations currently deliver much of their activity outside of London. We'll take this into account when we make our decisions, but we're required by the Government to account for our investment by postcode of applicant. This means that if the location of your registered office is in London, you will be counted as a London-based applicant regardless of where your activity takes place. And finally, we also want to make clear that the addendum doesn't change the eligibility criteria for the Investment Programme. If you could make an application before the addendum was published then you still can now. The addendum and the instruction from government are both available online. You can see a recording of a detailed briefing session we held when the addendum was published on our website. Next slide, Lucy.

Levelling Up for Culture Places. The Arts Council and DCMS have identified 109 Levelling Up for Culture Places. We'll prioritise making additional investment in these places in three ways. Increasing our investment in existing NPOs in Levelling Up for Culture Places, investing in new NPOs and IPSOs in Levelling Up for Culture Places and investing in new activity in Levelling Up for Culture Places, delivered by

organisations outside those places, but working in partnership with those places. So what this means for you. If you're an applicant based in one of the Levelling Up for Culture Places, we'll take this into account when we consider your application. Including any request for additional investment you may have made. We'll take it into consideration in our balancing and our decision-making process. If you're an applicant that's 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 reference that in your application. If relevant for your activity plan for 2023/2024 make sure you indicate which of those places you're intending to work in. Tell us how the activity has been planned in partnership with those places. For those organisations receiving £2 million or more per year, there will be a requirement to increase activity in Levelling Up for Culture Places, collectively as a cohort by 15% by the end of the 2025/26 financial year. This applies to organisations wherever they're based. The eligible activity we're looking for is broad and can include things like talks, workshops, education programmes, tours, co-productions, training, mentoring and so on. We will agree a baseline of activity for tracking when we come to establishing funding agreements with organisations in the autumn. Next slide.

To achieve the redistribution of investment required in the addendum and to make the London portfolio for representative, we will need to remove funding from some existing NPOs, reduce funding to others and explore relocations out of London. We will make our decisions about reductions and removals on a case-by-case basis and we'll take into account the relative strengths and opportunities provided by all the applications we receive from London. For those organisations we're not able to offer funding to, we will discuss what other funding maybe available to you going forward. For NPOs we're offering less than their planning figures, we will use the funding period. Notwithstanding the £16 million reduction we need to make to the budget in London, we're determined as with London as with the rest of the country, we will build a portfolio that is more representative of all of London's communities and that in particular, we want to increase investment in our five priority places in London. We therefore welcome ambitious applications from London-based organisations that will help us make the portfolio more representative. But to support our ambitions to make the London portfolio more representative, we will need to find savings in our current investment in London that go beyond the £16 million required by government. On relocation - by the beginning of the third year of the Investment Programme, so by 1st April 2025, we need to have moved a further £8 million of annual investment outside of London. We are aiming to achieve this by London-based organisations relocating by which we mean moving their registered office and main office outside of London by this date. This could be to any location outside of London, not just Levelling Up for Culture Places, and it is your choice to make. We're currently developing a programme to support relocations and we will be sharing more information with organisations that express an interest in relocating in their application later in the summer. We know that relocation is something that a number of London-based organisations simply won't be able to consider for a great many reasons and that's fine. But we also know that a number of cultural organisations have already

relocated and done so successfully and given the competition for funding in London, a range of different companies might, we expect, want to consider whether this is a feasible option for them. This may include organisations whose primary impact is not local because they are for instance national touring companies or delivering services for the whole sector. We're not expecting these organisations to change the way they work just because they relocate. Some organisations may want to move, put down deep roots and deliver new programmes of activity for their local communities and that is, of course, fine too. The Arts Council will play a limited role in the relocation process. We will not be telling you whether you should or shouldn't relocate or where you should relocate to. This will need to be a decision you take in terms of what makes best sense for your business. We will develop further information to support you and we're hopeful that we will be able to run a programme to support feasibility studies or options analysis, but we will not be able to fund the relocations themselves and nor will there be capital funding capital funding relocating. If you think your organisation might be interested in locating by 1st April 2025, respond yes to the question in the application form. This is not committing you relocating if you answer yes now. When we provide you with more information later in the summer, we will ask you to choose whether you want to pursue relocation. I'll hand back to Simon.

SIMON MELLOR: Thank you, Michelle. So the last thing we're going to cover in relation to the applicant guidance is our balancing process. So, after we've assessed each application on its own merit against the criteria that reflect the information we're asking for in the application form. So, that's the one commitment to access excellence and strength of contribution to our outcomes. Three, likely progress against the investment principles. In addition to those three, we'll risk assess your governance and management arrangements and your financial viability. On the basis of our assessments, we will then determine which applications are fundable. We will then look at all those fundable applications in relation to our balancing criteria and look at the shape of the potential portfolio as a whole. We will use our balancing criteria to help us select a portfolio of organisations that are more representative of the geography in England both in term of where organisations are based and where they will be delivering their activity. A portfolio whose leadership is more representative of England in relation to disability, race, sex, and includes more people from lower socio-economic backgrounds. And a portfolio that represents a wide range of creative and cultural provision. We're going to take you through in more detail about what we take into account for each of the three balancing criteria. Next slide, please.

So in terms of geography. We look at this in terms of where organisations are based, drawn from your Grantium applicant profile, and where you plan to deliver activity, where we'll use the location information you provide in your activity plan. Those 109 Levelling Up for Culture Places that Michelle referenced, our five London priority places for London-based applicants, our places of historically low Arts Council investment, and our places of historically low cultural engagement and the spread across the country between rural, towns and cities. Then turning to diversity. We'll look at the diversity profile of your leadership using the information you provided in your application form and we'll look at it from three different angles.

Whether 51% of your board or senior management team are ethnically diverse. We'll also look at how representative of contemporary England the individuals that lead your organisations are. That is looking at the data you provide about specific roles in your organisation. The Chief Executive, the artistic director, the executive director, the chairperson, or equivalent positions. We'll look at that in terms of disability, race and socio-economic background. We'll look at whether your board and senior management team has a mix of people with difference protected characteristics and socio-economic background. You'll note that we're not taking into account all of the protected characteristics here. This is because whilst we continue to report on the profile of the portfolio against a broader range of protected characteristics, we can only take account of those characteristics in our balancing process where we have evidence of under representation in our current portfolio. Next slide, please.

Then the third balancing criteria is the range of creative and cultural provision and here we'll look at the range of art forms and disciplines including the balance of arts organisations and museums and libraries. The types of organisations including building based, touring, festivals, etcetera. The spread of activity against our outcomes and their elements and the spread of support offered by organisations applying to support others to embed the investment principles. So in deciding which organisations to fund, we think about the strength of contribution to our outcomes and investment principles and then consider how the portfolio is balanced against the three criteria and here it is not about the individual application, but the make up of different applications. Of course, we have to work within the parameters of our budget. Next slide, please.

I'm going to turn now to the Relationship Framework. The Relationship Framework sets out how we'll work with NPOs. It describes the NPOs will be expected to meet specific requirements for reporting and monitoring to enable us to track the progress of our investment programmes and the strategic considerations they're make to go Let's Create, our stakeholders and the wider public. Our relationship with NPOs will be conducted through our monitoring and supporting processes. It will involve boards or oversight groups getting at least quarterly and accurate reports from the executive on progress against the targets and success measures and taking steps to improve performance where needed. We will use these reports to your board on our oversight group to provide us with accurate information on your progress. We will then use these reports to help us identify any risks that we believe exist in relation to your organisation, delivering its funding agreement with us. We will also expect you to supply accurate, timely and relevant data to surveys that we send you. These provide us and the Government with vital information on the state of the sector and help us evidence the impact of our investment and the progress we are making on delivering Let's Create. It will be up to organisations and their boards or oversight groups to decide what type of business plans and specific policies you need to have in place to support the effective operation of your business. We'll no longer be asking you to submit business plans to us, nor will we ask for other plans and policies in relation to audience development or digital strategy. We value the work that NPOs do and we

recognise that the large majority are well established organisations that are able to manage themselves effectively without too much help from us. We will minimise our ongoing contact with most NPOs. This will mean occasional conversations each year if we need something clarified in your board reports, seeing your work and holding an annual review meeting with you and your chair. We will not be attending board meetings regularly. The next slide, please.

We will use the information we receive through board reports to monitor and assess the risk to the delivery of our funding agreement with you. The Relationship Framework sets out clearly that we'll monitor risk against the following categories: Your activity, that's the work against the outcomes, the investment principles, your governance and management, your financial viability, and reputational risk. It also explains what we mean by each of these categories. Where we see risk increasing, for example, if you're failing to meet your own targets, we are likely to increase our monitoring of your organisation and deploy a series of interventions that range from attending board meetings, holding conversations with the chair and the board, and asking for further written reports. The Relationship Framework sets out the full range of interventions we could choose to take if we consider you to be in breach of the terms and conditions of your funding agreement and they include ultimately withdrawal of funding. As I mentioned earlier, we do strongly encourage you and your boards or oversight groups to read the Relationship Framework before submitting your application so that you fully understand the commitments you will be taking on in accepting a funding offer and what you can expect from us if your offer is successful. So that's it in terms of the slides. We'll take a ten-minute break and then we'll come back at 16:27. See you all in ten minutes. Thank you very much.

(Break)

THOMAS WILDISH: Hello. My name is Thomas Wildish, Senior Manager Operations for the Midlands. For the purposes of audio description, I'm a white male in my early 40s, I've got short, brown hair and I'm wearing round glasses and a navy blue jumper and I have a white wall behind me. So, welcome back and thank you for joining us for the Q and A section of this session.

Thank you for submitting questions to us so far. You can still do so in the Q and A box on your screen. We won't be able to get through every question, but we will do our best and all of the questions that you submit will feed into our updated FAQs online. So please do have a look at that if you need to and we'll start now. So, the first question is for Michelle. Can I bring you in, Michelle? Hi. So, the question is I am a current SSO, a Sector Support Organisation whose activity is more closely aligned with delivering against the outcomes rather than supporting organisations to embed the investment principles. Are you expecting me to apply as an NPO rather than an IPSO?

MICHELLE DICKSON: It is absolutely fine to apply as an NPO instead of an IPSO if that suits your organisation better. So, we haven't made any assumptions about SSOs, and whether they will apply or if they do, which way they'll go. It is for every organisation to weigh it up and see where they think they can make the best contribution. So that's fine.

THOMAS WILDISH: Thank you. I'll bring Alex in for the next question. Do you want to introduce yourself first?

ALEX MIDDLETON: Yes, sorry, I'm just unmuting. I'm Alex Middleton, senior manager funded organisations and I'm a white woman, mid-40s, with brown hair, tied back and glasses, sitting in a blue room.

THOMAS WILDISH: For organisations who apply for under £1 million over three years, how many elements of the outcomes are they expected to deliver? Or address? The guidance says a small number, but more explicit guidance would be helpful?

ALEX MIDDLETON: I don't think we want to be more explicit because it will depend on what's relevant for that organisation. What we don't want is applicants thinking they have to contribute to everything. As was said in the presentation, we value depth of activity. We want organisations to think about what's relevant for them and their activity, and where they want to focus rather than trying to cover all of the elements within any given outcome.

THOMAS WILDISH: Thank you. We'll bring Simon in for a series of questions now. The first question is has Arts Council been advised by the Charity Commission or the likes of directory for social change regarding the behaviours required of trustees? My board members didn't sign up to the protocols outlined and can't necessarily be expected to continue to work for us.

SIMON MELLOR: Thanks, Tom. Perhaps I should just talk about the background to this so that people are clear. What we spend a lot of time doing is monitoring the performance of NPOs and we have to do that because we're investing a lot of public money in those organisations. One of the things that's become clear to us over the years, the organisations that are most effective in delivering our money is those who have got some type of oversight group or board of some sort. I think the - and the behaviours we're expecting of that board, for most applicants are not at all unusual. All we're actually saying is, "We are expecting that board to be really clear about, is the executive focus on delivering the content of the funding agreement they make with us because that will be in most cases core to the mission of the organisation." So, I don't think the requirements that we're putting on boards are unusual. They may not be doing them at the moment and I think that will be our concern is, if they are not working with the executive to oversee what's in the funding agreement, what exactly are they doing? It is not that we're asking them to do the activity. The executive will be responsible for preparing the reports. All we want to see is some evidence that the executive are making regular reports to the board and discussing the progress that's in the funding agreement. So, I mean, that's our thinking. As I said we know that most organisations in the portfolio with boards are doing this already. So, we're just trying to ensure that best practice is observed across the whole of the portfolio.

THOMAS WILDISH: Thank you. As a follow-on to that. You mentioned in the presentation just now, you mentioned that the board should monitor targets and success measures in our funding agreement. So the funding agreement between the Arts Council. Can you elaborate whether these are the proposed targets and the success measures that the organisation is submitting as part of the activity plan to Arts Council or would we come up with different targets and success measures as

part of the funding agreement? How would any targets and success measures be set in Years 2 and 3?

SIMON MELLOR: Essentially what we will do, we will take the targets and success measures that the applicant has included within their application. If we then decide we want to invest in that organisation, during the funding agreement negotiation, we will look at those success measures and targets and decide whether we think they're appropriate, are they ambitious enough for the amount of money we're investing and therefore, will we want to agree some changes with the applicant during that funding negotiation period? Those then become the targets and success measures that form part of the funding agreement and those are the things that we're expecting the executive to report to boards on a regular, quarterly basis and the reports on the progress against those we will use as part of our monitoring of the progress an organisation is making against both the outcomes and the investment principles. We'll do it for the first year and then every year we'll sit down and come up with, we'll expect the applicant to come up with the revised set for the following years. We recognise that, we did discuss, do we ask for a set over three years, but we felt that wasn't realistic or reasonable because organisations develop and change their plans. So every year, we will ask an NPO to submit a revised plan, a plan for the following year which will then form part of the next year's reporting process.

THOMAS WILDISH: Thanks. Just one more on expectations now. Will there be an expectation that organisations use audience finder and will there be exemptions?

SIMON MELLOR: One of the other big changes this time around is we are not prescribing any particular tools or devices. What we will, as part of the investment principles work, we'll expect you as an applicant to set out what tools you think is appropriate for your organisation to use to report and monitor progress against the relevant investment principle. That will also, it will not be mandatory to use the impact and insight toolkit and nor will it be mandatory to use Audience Finder. However, we will be expecting all organisations, all NPOs, to provide audience data for us on a regular basis and we are at the process of going out to tender to work with a third party who will gather that audience data from you and then provide it to us. Obviously in an anonymised format. So, that won't be an Audience Finder tool, but there will be audience data required from all NPOs.

THOMAS WILDISH: Just a couple on Levelling Up and priority places. So firstly, how much expectation is there for non-London based organisations who are not based in a Levelling Up area to deliver activity within Levelling Up areas?

SIMON MELLOR: It is not a requirement, but you had should note the comments we were making earlier that we do want to try to increase our investment in those Levelling Up for Culture Places and we look at that from three different dimensions. Increasing our investment in NPOs already based in those places, funding new NPOs in those places, and also investing in activity that's been delivered in those places often by organisations based outside those places. So while it is not a requirement to deliver work in those places, if you are delivering work in those places, we will factor that into account and particularly if you're seeking additional investment.

THOMAS WILDISH: And then are the priority places within London more important

to applicants from London rather than those outside of London?

SIMON MELLOR: Well, when we consider the investment in London, we will want to see what we can do to increase our investment in those five priority places in London. If you're a London based applicant and you're planning activity within those places, you should be making that clear to us in your application. If you're already based in one of those places, then we'll pick that up from your Grantium profile. Of course, if you're outside London and you're planning activity in those places, we'll pick that up, but you should note that the five priority places in London are not part of the 109 Levelling Up for Culture Places. When we consider our investment outside of London, activity in those five priority places in London, delivered by organisations based out of London will not be taken into account through the balancing process.

THOMAS WILDISH: Thank you. Then a couple of questions for Michelle now. The first one is, the activity we have been delivering successfully on for several years delivers against all three of the outcomes and several of their elements. So even though we have a track record in delivering this, will it make our application look as though it lacks depth?

MICHELLE DICKSON: If that's right for you, that's absolutely fine. I think with every application we want to see how organisations can make the greatest contribution. For some that might be because they genuinely work across all three outcomes, but for others, you know, it may be that focusing in and depth of delivery on one outcome might be better. We don't want anyone to feel like they have to tick every box and be everything to everyone. But in this case, that might be the way to go. So, it is entirely up to you and no, you won't be penalised by delivering against all three outcomes.

THOMAS WILDISH: Then can you clarify, should activity that we would like to be considered for additional investment be included in the outcomes and activities plan? Some of the activities we would like to propose beyond our planning figure would provide a good contribution to Let's Create outcomes?

MICHELLE DICKSON: No. So everything you tell us in the activity plan needs to be deliverable within your planning figure. So that's part of your main application. So, only include activities in there that you've costed and budgeted for based on your planning figure. In the box where you can tell us about what you would do if you received additional investment, you can tell us about more activities or how you might expand that activity if that's what you mean if you receive more money, but no, don't include anything in the activity template that's additional investment.

THOMAS WILDISH: Thank you. And then bringing Alex in for some finance questions now. So firstly in this round, there isn't a compulsory finance question. Would you expect most applicants to use the following question to do the same. The question is, please provide detail on any assumptions or exceptional items included in your budget which represent a significant variance to your organisation's previous annual budgeted or actual figures. Please use this section to tell us about any key risks and mitigations you have identified.

ALEX MIDDLETON: Yes, you're right, we've streamlined the application form in this sense and we haven't asked that more general finance question. So, no. You shouldn't use this other question to answer that. We're not asking about the kind of

detail of your financial management processes. But what you should use it for, I think, is anything contextual that you want to tell us that will help explain your financial position, and your budget projections. So, like the question says any assumptions or risks or anything contextual that you think will help us understand your financial position and projections.

THOMAS WILDISH: Thank you. And then this is a question about library services. So, as a library service, do we present our budget and cashflow on the whole of the library service and do we present our activity plan on the activity that we're able to deliver with the NPO investment? In terms of our balance sheet, does this have to be for the library service as opposed to the wider council?

ALEX MIDDLETON: Yes. Again, I'm getting the long questions. Yes, for a library service, so for the budget and cashflow, we want it to be for the library service as a whole. So that the nearest equivalent of that kind of whole organisational budget that we're asking for. In the balance sheet, that is fine for it to be for the wider council because I see from the question as well that you don't necessarily produce that for the library service and then finally, you asked about the activity plan as well. So that should be focused on the funded programme. It should be focused on contribution to the outcomes and elements that you are applying against, but it is not just what you would do for NPO investment, but any other income that would be contributing to that programme as well, but that part of the application form should be as focused as possible on the outcomes.

THOMAS WILDISH: Are there any plans for a webinar on the finance template as there are webinars on the investment principles templates and the activity plan templates?

ALEX MIDDLETON: We don't currently have anything planned. I think because we published it a lot earlier, but of course, if we get lots of questions like that then we can consider whether we need to schedule something in.

THOMAS WILDISH: Thank you. I have got a question about where people put their trust and foundation grants.

ALEX MIDDLETON: That could be in the contributed income or the other income section.

THOMAS WILDISH: A couple of others before we move on to Michelle. Someone is saying that Mac book users are struggling with the templates.

ALEX MIDDLETON: We reduced the file sizes of the templates which we hope have helped most applicants. If you're still struggling then get in touch with our Customer Services Team as well because we have other options that we can explore to provide an alternative version that should be okay for Mac users.

THOMAS WILDISH: One more for you Alex. This is a governance question now related to diversity of boards. How will you measure the diversity of boards? Is this from the existing data at the point of the application or is it made on the basis of targets an organisation might have at the beginning of the portfolio funding period, April 2023?

ALEX MIDDLETON: So in terms of when we go through the balancing process and we look at the applications in terms of our diversity balancing criterion. That will be on the basis of the data that you provide at point of application on your board and your senior management. But, of course, within the application form, please tell us

about any plans that you have to diversify your governance. So, you've got the governance and management section. Talking about inclusivity and relevance, it is something we want to know about in terms of looking at your organisation's governance and also how you're planning to embed inclusivity and relevance.

THOMAS WILDISH: Thank you. The question for Michelle. Firstly, this is a question around additional investment. If we are applying for additional investment, will you offer potentially less than we've requested or is it a case of all or nothing?

MICHELLE DICKSON: No, we could make an offer which is part of what you're proposing as part of an additional request. We ask that you provide a break down in the narrative box of the cost if there were different aspects of activity that you're requesting there.

THOMAS WILDISH: Will asking for additional investment jeopardise the planning figure we've given to the NPO based on previous years?

MICHELLE DICKSON: No, unless your main application doesn't respond strongly to Let's Create. So, don't save all your good stuff for additional investment request. The core application needs to be strong, but the additional investment request is entirely additional and on top. So, no, that would be fine.

THOMAS WILDISH: For NPOs based outside of Levelling Up for Culture Places, but working with one or more of those places, can the additional investment request relate to new work where they have an existing partnership or must it be for a brand-new partnership?

MICHELLE DICKSON: It could be for either. Or anything else really. And in terms of partnerships, if you already have those partnerships then great to tell us about that. But if you're planning to build these partnerships then that's okay too, but telling us about your plans is important in the application.

THOMAS WILDISH: Thank you. And I'll keep you actually Michelle. So within the investment principles template, you've asked for an indication of the stage that the activity is at, so that's planned or in progress. Should we be saying where the action is at the point of completing the template or where it will be at the start of the financial year 23/24?

MICHELLE DICKSON: That's a good question. I'm not sure I know the answer.

THOMAS WILDISH: Alex?

MICHELLE DICKSON: If in doubt, ask for Alex.

ALEX MIDDLETON: I'm lost in this one as well. I'm sure it is the stage that the applicant is at the point of completing the application. I'll check up on it whilst we're answering other questions and come back in if that's not right.

THOMAS WILDISH: Thank you. Alex, can I keep you on just for a slightly different topic. There are questions around our approach to monitoring diversity, can I ask why LGBTQI characteristics are not included in the monitoring of leadership teams and governance?

ALEX MIDDLETON: It is something that's included in the monitoring information that we ask organisations to supply and we will be reporting on it as we go through this portfolio process. We don't take it into account in balancing specifically because we don't have the evidence that that group is underrepresented in our current portfolio so therefore, we're unable to take it into account, but we will continue to monitor it

and report on it in terms of the profile of our portfolio.

THOMAS WILDISH: As a local authority gallery, we do not have a board, but we have set-up a community group to help monitor and evaluate our activity. Do we include data about this group where it asks for data about our board?

ALEX MIDDLETON: No, it doesn't sound like that is set-up as a board or an oversight group in any way. But it is something that you can tell us about within the application form again, but I think in terms of the information that you provide, you need to use information on the board and the senior management team.

THOMAS WILDISH: And have you got any top tips for current NPOs thinking about NPOs that might be within local authorities or universities for where they can go for advice and guidance on setting up appropriate oversight bodies in relation to the new annual expectations for oversights?

ALEX MIDDLETON: We've been publishing resources on this and what we expect are good governance. I do know that our current NPOs that are local authorities and universities and working in consortiums have been doing this. It might be something to talk to peers about to get advice and what we do see, I think, is advisory groups that are made up of a mixture of people from within the wider local authority and then people from outside the local authority as well.

THOMAS WILDISH: Thank you. We've got some questions for Simon around Levelling Up. Firstly, for NPOs in receipt of £2 million plus, how will you establish the baseline of activity for tracking the 15% increase in Levelling Up for Culture Places?

SIMON MELLOR: What we'll do is when we go into the funding agreement negotiations with those organisations, we'll ask them to talk about their current activity and those Levelling Up for Culture Places and we'll try and use that to build a baseline. It is the baseline for the whole cohort that we will be developing. That's the time when we will be doing it. At this point in the application process, all we're asking organisations to do is to commit to contributing towards that 15%.

THOMAS WILDISH: And then also, how do we define working in partnership with Levelling Up for Culture Places? Does it have to be with organisations formally headquartered in those places or can it be in partnership with organisations who are actively working in those places already?

SIMON MELLOR: The critical thing we're interested in - is there evidence for demand? We think one of the good indicators is there some evidence of partnership working? It was partnership working with an organisation based outside the place, I think we might struggle a bit to understand where there is genuine evidence of demand, but you may well be able to make the case because of the track record of that organisation, but what we're really interested in is not just where it landed and if it is developed and responding to local opportunities.

THOMAS WILDISH: Thank you. Just a question for Michelle now. Firstly, it is a question around the investment principles. If one or more of the investment principles is already very well embedded and evidenced, is it okay to include existing activity in the plans or will we expect new and additional activity?

MICHELLE DICKSON: We're interested in understanding the journey that organisations are on and it is that continuous improvement. There is always room to develop. So interested in how you intend to maintain and progress, but also it is fine

if you want to focus more of your energy, resource, time on the other investment principles if you have got further to go and that's an organisational priority for you.

THOMAS WILDISH: Thank you. Just to keep you on for a question here around balancing. Sorry, one second. Yes. It is just a question around how our balancing criteria interact with each other and whether think have more weight than the other.

MICHELLE DICKSON: No, but also we're not balancing one organisation. We're looking at the portfolio as a whole. So, we're trying to hold everything together and we'll look at how we can assemble the strongest portfolio that achieves as much as we can across the priorities that we've set out. So don't worry. Not every organisation can strongly match every aspect of the balancing criteria. That would clearly be impossible. Just tell us in as much detail as you can within the space that is permitted about your organisation and the make up of the team and the board. And where your activity is taking place and what the activity is and we will do our best to come up with the strongest portfolio that we can.

THOMAS WILDISH: Thank you. We're just coming to the end of the session now. We're almost at time. If we could have the final slide up, please. Firstly, thank you very much for coming. We have come to the end of the session now. But before we go, we just wanted to remind you of the steps that you can take now as you prepare your applications before submitting them. The deadline for applications is 12pm, that's midday, on Wednesday, 18th May. We strongly advice you don't leave submitting your application to the very last minute and try and get it submitted at least a week before the deadline if possible. A summary of the support available to you now is available on our website, but in brief it includes steps to take first, let us know if you have any access requirements. Take a look at some of the background reading and make sure your Grantium is up-to-date. Introductory conversations if you've not booked one, you can book one with your Relationship Manager. The essential documentation including the Guidance for Applicants and addendum and the application templates are available now. Look at the supporting documents including information sheets and blank templates which you can use in your planning. Remember, if you have any questions, please do visit our FAQs page. We update this after every series of briefings we host and they contain a wealth of information on specific queries. If you still need support, you can get in touch. Our Customer Services Team is here to help. Finally, we will be in touch with everyone that joined us today with a link to a survey asking you about your experience. We would be most grateful if you could take a few minutes to complete it so we can continue to improve the service we're delivering. Thank you for coming. Goodbye.